

Status of Judgment: Draft
Appeal No. VA01/1/011

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

Caruso Ltd., t/a Quality Hotel

APPELLANT

and

Commissioner of Valuation
RESPONDENT

RE: Hotel at Map Reference: 5nc, Townland: Carrowmoneash, E.D. Oranmore, R.D.
Galway County Galway

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairman

Michael Coghlan - Solicitor

Member

Maurice Ahern - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 8TH DAY OF MARCH, 2002

By Notice of Appeal dated the 18th April, 2001 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €1,587.17 (£1,250) on the above described hereditament.

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

"the valuation of €1587.17 (£1,250) is excessive, inequitable and bad in law.

The appeal proceeded by way of an oral hearing, which took place on the 12th day of October 2001 in the Council Chamber, Galway Corporation, Galway. The Appellant was represented by Mr. Martin O'Donnell B.A., M.I.A.V.I. Partner of Frank O'Donnell & Co., Rating and Property Consultants. The respondent was represented by Mr. Michael Keogh, F.S.C.S. staff valuer in the Valuation Office. Both valuers prepared written summaries of their evidence, which they exchanged with each other and gave to the Tribunal in advance of the hearing.

The Property

The property comprises a Hotel at Oranmore Co. Galway. It is located at the busy national junction of the N6 and N18 at Oranmore roundabout and at the gateway to Galway City. It is a modern purpose built premises (1998) of four storeys with Leisure Centre, Swimming Pool and Gymnasium. The accommodation was set out in detail in the written submissions

Area

The area of the subject premises was agreed at 5818 square metres.

Valuation History

The property was valued for the first time in the 1998 /4 Revision of Valuation at RV £1570. At first appeal the valuation was reduced to £1,250.

Appellant's Evidence

Mr O'Donnell on behalf of the appellant said that the subject had no local bar trade and relied on tours and guests for its trade. He set his valuation based on the rental and turnover methods as follows:

1) Rental Method

In order to assess a reasonable rateable valuation for the subject property, I have referred to the following two Tribunal decisions where rental evidence was also available:

1. Portmarnock Hotel VA97/4/013
2. Ibis Hotel, Cork VA97/5/028

In the case of the Portmarnock Hotel the passing rent dated from the 29th of March 1996 and the size of the hotel is almost identical to the subject property. The Tribunal based their decision on a growth rate of 40% from 1988 to March 1996. This results in a 28.5% reduction in the rent to 1988 levels.

Growth rates from 1996 to June 1998 (the date rent was fixed for the subject property) have been significant especially in the hotel sector. However, the hotel sector growth rate is not easily established and therefore I have examined the JLW Property Index, which indicates that general rental levels have increased by 24% for this period.

By applying the same rate of growth as the Tribunal did in the Portmarnock case and adding for the two year period 1996 to 1998 it is my opinion that the valuation on the subject property should be calculated as follows:

Rent @ June 1998	£350,000.00
Deduct for Fixtures & Fittings – Say 10%	<u>£ 35,000.00</u>
	£315,000.00
Adjust to 1988 – Say 42.5%	<u>£132,930.00</u>
N.A.V. @ Nov. 1988	£182,070.00
R.V. @ 0.5%	£ 910.35
Say	£ 910.00

2) Comparative Method

My opinion of valuation is arrived at below by reference to the comparisons provided on Page 6.

<u>Description</u>	<u>Area sq.m.</u>	<u>Rate sq.m.</u>	<u>NAV</u>
Hotel	5,808	£31.20	£181,209.00

R.V. @ 0.5%	£906.04
Say	£910.00
	£1086.00

In conclusion, we submit that a fair and reasonable rateable valuation for the property would be **£910.00**

He submitted eight comparisons to the Tribunal as set out in his submission of evidence. Details of the comparisons are set out in Appendix 1 to the Judgment.

At the request of the Tribunal Mr O'Donnell assessed the valuation on the premises based on the Rental method and adopting the CPI throughout. The resulting valuation was £1086 (€1378.94).

Mr Michael Keogh gave evidence on behalf of the respondent. He set out his valuation as follows:

Rateable Valuation

The reduced Rateable Valuation of £1,250 was derived as follows:

Hotel (including Leisure Centre)	5,818 sq.m.	@ £43.056	
		=	£250,499
	R.V @ 0.5%	=	£1,252.50
	Say		£1,250

Mr Keogh submitted three comparisons to the Tribunal, details of which are set out in Appendix 2.

He said that the rate applied to the premises by the appellant was less than the rate applied to industrial premises in Oranmore. He said that the passing rent was not an appropriate starting point for valuing the subject premises. He considered the location of

the premises to be excellent and believed that the hotel should be assessed in line with the tone established for Galway City as although it was located in the county area it was only one mile from the City boundary.

Determination

The Tribunal has considered the evidence presented by Mr. O'Donnell for the appellant and Mr. Keogh for the Commissioner. In particular it is noted that Mr. O' Donnell, while continuing to maintain the relevance of rental evidence, has amended his valuation using that method so as to rely upon the CPI index throughout.

In essence Mr. O'Donnell has sought to marry the subject premises within the tone of the list for valuations throughout Galway County and has submitted that equally the Tribunal should have regard to the rental evidence available. In support of his submission he has cited a determination made by the Tribunal in the case of IEH Hotels Limited and the Commissioner for Valuation VA97/5/028.

Mr. O'Donnell has represented in evidence that generally the tone of the list for Galway City is at €68.34 (£53.82) and for the County €41 (£32.29) per square metre He seeks the lower rate to apply.

Mr. Keogh on the other hand has contended that rental evidence in this specific instance is not the most compelling basis for assessment. He has contended that the subject premises in reality is located no more than a short length of road from the city boundary. The nature of its trade and its general characteristics are not the same as the comparisons

adduced by the appellant. Mr. Keogh maintains therefore that his comparisons and not just the Ibis Hotel are the more relevant even though they are located within the city area of Galway.

Mr. Keogh has sought to distinguish between the subject premises and the comparisons adduced by Mr. O'Donnell. He contends that there is no real difference between the subject and other short stay Hotels within the city boundaries and seeks a valuation based upon that premise. He makes the point that a significant reduction was already granted to the Appellant at first appeal.

In arriving at its determination the Tribunal is aware that the occupiers rental in this instance is tax driven. While rental evidence is clearly of relevance its value in this instance is diminished by virtue of the foregoing.

There is merit in both the above arguments. Clearly it is desirable that the Tribunal maintain a general tone for the list within any given functional area. Nevertheless the subject is located on a national route being the Ring Road running past Galway City and closely adjacent to the City. The subject is therefore competing for custom with other budget hotels located inside the city boundaries. In truth the nature of the subject's business is more comparable to that of the Ibis Hotel as relied upon by Mr. Keogh than that of the Oyster Manor Hotel, the Galway Bay Hotel or the Connemara Coast Hotel as relied upon by Mr. O'Donnell.

Accordingly the Tribunal determines a valuation based upon the sum of €45.72 (£36.00) per square metre and set out as follows:

Hotel (including leisure centre) 5818 square metres @ €45.72 (£36.00) p.sq.m.

= €265,944.10 (£209,448.00)

Say = €266,645 (£210,000.00)

R.V. @ .05% = €1333 (£1,050.00)

And the Tribunal so determines the RV to be €1333