

Status of Judgment: Draft

Appeal No. VA01/3/024

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

Eircom Plc.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Office(s) at Map Reference 10A.48/Unit 2022, City West Business Park,
Brownsbarn, Tallaght Fettercairn, Tallaght West, County Dublin

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairman

John Kerr - FIAVI

Member

Patrick Riney - FSCS. MIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 17TH DAY OF DECEMBER, 2002

By Notice of Appeal dated the 11th day of October 2001, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £3,100 on the above described hereditament. The Grounds of Appeal as set out in the said Notice of Appeal are that;

“1. The assessment is bad in law in that it does not comply with the provisions of the Valuation Acts 1852 to 1988 and in particular with the provisions of Section 5 of the Valuation Act 1986.

2. The assessment is grossly excessive and inequitable relative to assessments on other similar suburban office developments including but not limited to Leopardstown, Cherrywood, Airside Swords, Blanchardstown etc and in particular the assessments on other office buildings in Citywest forming part of the same development.”

1. The appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, on the 20th February 2002.
2. At the hearing, the appellant was represented by Mr. Owen Hickey BL instructed by Dr. EJ. Hall Solicitor, Eircom and expert valuation evidence was given by Mr. William A Tuite, FRICS a Director in Jones Lang La Salle. Mr. John Devlin BL instructed by the Chief State Solicitor appeared on behalf of the respondent and Mr. Denis Maher a District Valuer in the Valuation Office gave expert valuation evidence.
3. In accordance with the rules of the Tribunal the valuers exchanged written submissions and valuations, copies of which were also forwarded to the Tribunal before the commencement of the oral hearing.

4. The Property

The property which is the subject of this appeal is situated in City West Business Park, fronting onto the Naas Dual Carriageway (N7) about 13 kilometres from Dublin City Centre.

City West is a largely technologically based business park and has access to all modern communication facilities including fibre optic cabling. The subject which has a site area of approximately 6 acres is located at the main entrance to the park.

The property comprises a three-storey purpose built office building housing Eircom's Network Management Centre and is used exclusively for that purpose. The building is T shaped in configuration with mainly open-plan office accommodation at all three levels. Construction is of reinforced concrete walls and floors with a smooth faced substructure clad externally with a granite type slab outer leaf together with significant glazed areas. Internally the depth within the main block is 17.2m at first and second floor levels and 15.8m at ground floor level. The office accommodation has the benefit of central heating and a mechanical air-cooling and ventilation system.

On the site there is a 30m high telecommunications mast with a digital exchange at its base which includes back-up battery stores and generator stores. There is enclosed car parking on the site for 196 cars.

The agreed accommodation measured on a gross external area basis is as follows:

Accommodation

Front Block

Ground Floor	1035.4m ²
First Floor	1006.9m ²
Second Floor	1006.9m ²

Rear Block

Ground Floor	564.6m ²
First Floor	425m ²
Second Floor	270m ²
Total Floor Area	4318.8m ²
Plant Rooms at rear	266 sq. m.
Underground Basement	186 sq. m.
Mast and Standby Generator	

5. Valuation History

The hereditament was included in the revised Valuation List issued to South Dublin County Council on the 10th of November 2000 and was assessed at a Rateable Valuation of £4,150. An appeal against this assessment was lodged and following negotiations with the Valuation Office the Rateable Valuation was reduced to £3100 (€3,936). The appellant was aggrieved at this determination and an appeal was lodged to this Tribunal on the 11th October 2001.

6. The Appellant's Evidence

Mr. Tuite having taken the oath adopted his written submission and valuation previously received by the Tribunal as being his evidence in chief.

In evidence Mr. Tuite said that the building was built to normal office specifications and designed to meet the specific requirements of the occupier. As a consequence the internal depth was greater than the accepted norm (i.e. 13.5m) and this rendered necessary some form of air handling and ventilation. Whilst the ventilation system used in this building was better than natural ventilation it was not as good as air-conditioning.

Mr. Tuite said that subject property was the largest office building in City West and that in arriving at his opinion of Net annual value he had allowed for quantum. As far as the location of the building within the estate was concerned, this in his opinion did not necessarily add rental value and he could not find any evidence to support adding value for this location. In arriving at his opinion of net annual value he had analysed the assessments of a number of other properties in City West and elsewhere as set out in the appendix 1 attached to this judgement. All of the comparisons in City West were much smaller than the subject and in all instances the car parking was reflected in the valuation attributed to the buildings. His other three comparisons were located elsewhere in the greater Dublin area and were put forward to indicate the general tone of valuations of other suburban office locations and not primary evidence as such of levels in City West.

Having regard to his comparisons Mr. Tuite put forward his opinion of net annual value as set out below.

Offices	4318.8m	@	£82.50	=	£356,301
Plant Rooms	286m	@	£27 per sq m	=	£7,198
Mast					£15,076
Generator					£1,500
Basement Area	186 sq. m.	Say			£2,000
Net Annual Value				=	£381,599
Rateable Valuation		@	.63%	=	£2,400 (€3047.37)

Under cross-examination Mr. Tuite agreed that the building had a good profile and that the design of the mast was “eye catching”. He further agreed that security was important given the nature of the user and pointed out that the landscaping works were so designed as to prevent intrusion by vehicles into the important and sensitive areas of the site. In relation to the ventilation system, Mr. Tuite said it was not as good as air conditioning but then on the other hand it was less expensive both to install and to operate. Air conditioning he said was expensive to install and whilst an owner could seek and expect a higher rent because of it, the uplift in his opinion did not necessarily represent a good economic return on the added costs involved. When asked about the level of car parking Mr. Tuite said that 196 spaces was in line with the norm in City West i.e. 4 cars per thousand square feet of covered space.

Mr. Devlin asked Mr. Tuite about rental values in Cherrywood Business Park and Airside Business Park and put it to him that rents in these developments were in the order of £12 and £14 per square foot, which were considerably lower than prevailing rental levels in City West. Mr. Tuite said that whilst he was not aware of the rental levels in Cherrywood he thought they would be somewhat similar to those in City West as they were both business parks.

7. The Respondent’s Evidence

Mr. Maher having taken the oath adopted his written submission and valuation which had previously been received by the Tribunal as his evidence in chief.

In evidence Mr. Maher said that the subject was designed and built to a high standard of finish and specification as a flagship building and occupied a high profile location at the entrance to the business park. Mr. Maher said he had valued a number of office buildings in City West and the general tone applied there was in the order of £86 per square metre for air-conditioned office accommodation and £75 for non air-conditioned offices including the car parking. Having regard however to the high quality of the subject and its prominent location at the entrance to the business park, he considered it should be valued at a

higher rate than the prevailing levels and that the car parking should be valued separately as it was enclosed and secure. Having regard to the above considerations Mr. Maher contended for a rateable valuation of £3,083 (€3,914.22).

Calculated as set out below:

Valuation Office estimate of Net Annual Value €21,304 (£489,317)

Valuation

OFFICES (gross internal)

4318.7 sq. m. @ €23 / sq. m. €31,200 (£9 / sq. ft.)

PLANT ROOMS (gross external)

Basement

186 sq. m. @ €27.34 / sq. m. €5,085 (£2/ sq. ft.)

Mast Buildings

286.7 sq. m. @ €41 / sq. m. €1,755 (£3/ sq. ft.)

CAR-PARKING

196 spaces @ €253.95 / space €49,774.20 (£200)

MAST C. 30mts. High €20,315.81

GENERATOR €3,174.35

TOTAL NAV €21,304.36

RV €3,914.22 (£3,083)

Under cross-examination Mr. Maher did not agree with the proposition put to him that his comparisons in City West were not relevant in that they were much

smaller than the subject: Indeed he considered them to be the most relevant as they indicated the general tone of values in City West. When asked had he any evidence to support his increase over the prevailing levels in City West to reflect the quality and finish and location of the subject property, Mr. Maher said he had not but had used his professional judgement and overall knowledge of the market and in particular the market in City West and his detailed knowledge of the development. Mr. Maher agreed that the building as designed was deeper than the norm but argued that the extensive use of glass ensured that natural lighting within the building was at an acceptable level throughout. He agreed that the building was not air-conditioned but expressed the view that the air-handling and ventilation system installed was just as good and less costly to operate than conventional air-conditioning units.

Mr. Maher agreed that car parking in all other office buildings in City West was reflected in the valuation attributed to the buildings. This he said was because each building was allocated a number of spaces within a common car parking area and not a designated area as found in the subject.

- 8.** In his closing remarks Mr. Hickey submitted that Mr. Maher's valuation was flawed in a number of respects.
- There was no justification for the car parking to be separately valued where it was common practice not so to do in City West Business Park.
 - If the car parking was to be separately valued then logic dictated that the square metre rate attributed to the buildings must be correspondingly reduced and not increased as proposed by Mr. Maher.
 - The fact that the building was visible from the Naas Road, did not justify an increase in valuation, nor did he accept the proposition that it occupied a prominent and more prestigious location within the park.
 - No allowance had been made for quantum nor for the fact that the internal depth of the building was greater than the norm.

9. Findings

The Tribunal has carefully considered all the evidence adduced and arguments proffered and makes the following findings:

1. The subject property was purpose built and designed by Eircom in order to meet its particular needs and presumably this is reflected in the design specification and internal layout of the office accommodation.
2. The Tribunal accepts the evidence of Mr. Tuite that the depth of the main building is greater than the norm and this has an effect on the natural lighting within the working space and also renders necessary some form of ventilation for the provision of an acceptable working environment. The Tribunal also accepts Mr. Tuite's evidence that the ventilation system is not air-conditioning in the accepted sense of that term but nonetheless is an improvement on a natural ventilation system.
3. The Tribunal accepts Mr. Maher's evidence that the building has a high profile and prominent location at the entrance to the park and is clearly visible from the Naas Road. The Tribunal also accepts Mr. Maher's evidence that these are attributes that a hypothetical tenant in the market would take into account when arriving at an opinion of rental value.
4. It is common case that car parking in City West is included in the valuation of other buildings in City West. The level of car parking provided at the subject is in line with the planning requirements at City West and the fact that it is enclosed does not in the opinion of the Tribunal justify Mr. Maher's decision to attribute a separate value to the car parking. Accordingly therefore the Tribunal holds for the appellant in this issue.
5. It is also common case that the subject is the largest office building in City West and that all the comparisons cited as being comparable in City West are considerably smaller. In the circumstances the Tribunal feels that some small allowance for quantum is justified as contended for by Mr. Tuite.

6. The Tribunal accepts Mr. Maher's uncontested evidence that the general tone for office buildings in City West is £86 (€109.20) per square metre for air-conditioned space and £75 (€95.23) for non-air-conditioned space including the car parking. Having regard to the ventilation system installed in the subject it would appear reasonable that the appropriate base rate per square metre should be somewhere between these two levels before appropriate adjustments are made for the prominent location specification and quantum.
7. The Tribunal attaches most weight to the evidence drawn from within City West and attaches lesser weight to that drawn from other similar out of town office developments in the greater Dublin area.

Determination

The Statutory basis of Valuation is contained in Section 11 of Valuation Act 1852 as amended by Section 5 of the Valuation Act 1986.. Accordingly therefore in arriving at Net Annual Value the subject property must normally be assumed to be available for letting and the rent so determined must take into account all the intrinsic and extrinsic qualities and all other circumstances which would have a bearing on that rent. Having regard therefore to the findings set out above, the Tribunal determines the rateable valuation of the subject hereditament to be €3,452 calculated as set out below.

Estimate of Nett Annual Value

Offices	4318.8m ²	@ €18 per m ²	=	€509,618
(Gross Internal)				
Basement Area	186m ²	@ €25 per m ²	=	€4,650
Gross External				
Mast Building	say 280m ²	@ €40 per m ²	=	€11,200
Mast		say	=	€20,000
Generator		say	=	<u>€2,500</u>
Total			=	€547,968

Nett Annual Value		say	=	€548,000
Rateable Valuation	@	.63%	=	€3452