

Appeal No. VA02/5/001

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

Rathborne Candles Ltd

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Warehouse at Map Reference: 7B/Unit 45 Townland: Cappogue, The Ward, Airport,
County Dublin

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Joseph Murray - Barrister

Member

Maurice Ahern - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL

ISSUED ON THE 15TH DAY OF MAY, 2003

By Notice of Appeal dated 13th November 2002, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €450 on the relevant property described above.

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

"The rateable valuation is excessive, inequitable, bad in law, out of line with comparisons, partly double valued".

This appeal proceeded by way of an oral hearing held on the 23rd April 2003 at the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7.

At the hearing the appellant was represented by Ms. Sheelagh O' Buachalla, a Director of GVA Donal O Buachalla. Mr. O'Carroll the Managing Director of the appellant company gave evidence of fact in relation to the subject property. Mr. Malachy Oakes MRICS a district Valuer in the Valuation Office appeared on behalf of the respondent. Prior to the hearing the parties exchanged and submitted to the Tribunal written préces of evidence and valuation which were subsequently received into evidence.

The Property

The subject property comprises a recently built warehouse/light industrial building of conventional steel portal frame construction with infill walls and roof of metal deck construction. The eaves height is approximately 10m and there is a three-storey office building under the main roof. Ample on-site car parking and circulation space is provided. Valuation and areas measured on a gross-external area basis are as follows:

	Area
Warehouse	1066m ²
3-Storey Offices	435m ²
First Floor Canteen	51.6m ²
Second Floor Store	51.6m ²
First Floor Works Office	45m ²
Store to Side	63m ²

The building is occupied under a 25-year lease from the 1st October 2002 at an initial yearly rent of €142,468. The lease is on an FRI basis and provides for rent reviews at 5 yearly intervals.

The subject unit is located in Rosemount Business Park, which is a new development in North West Dublin between the N2 and N3 close to the M50 and just over 3 kilometres from Blanchardstown. The majority of units in Rosemount Business Park are in warehouses of various sizes and all of them contain an office content.

Rating History

The subject property was first valued at the 2002/2 revision and assessed at a rateable valuation of €408. Following an appeal to the Commissioner of Valuation this assessment was increased to €450 and it is against this decision that the appeal to this Tribunal lies.

The Appellant's Case

Mr. Colm O'Carroll the Managing Director of the appellant company gave evidence of the alterations carried out by his company after it had leased the subject property. Mr. O'Carroll said that his company manufactured candles and for safety and other reasons it was necessary to separate the warehouse and manufacturing areas by the construction of an internal concrete block wall. This necessitated the provision of extra toilet accommodation and other facilities in the manufacturing area and this was contained in an additional three-storey extension to the original office block. This extra space provided toilets at ground floor level, canteen at first floor level and stores at second floor level. The accommodation at first and second floor level is intercommunicating with the original office building. This extension Mr. O'Carroll said was of a somewhat basic construction and had no natural lighting.

Mr. O'Carroll said that one of the machines necessary for the manufacture of candles required a controlled environment and was enclosed in a purpose built modular housing. His company had enclosed the space over this housing and fitted it out as a works office. It was he said in the nature of a portacabin type structure. Mr. O'Carroll said his company had also added a small single-storey building at the side, which was used mainly as a plant room and for some ancillary storage purposes.

Mr. O'Carroll said all of the additions and alterations were tenants improvements and under the terms of the lease would have to be removed at the end of the lease term. He said that he pointed out these alterations and extensions to the revising Valuer at the revision stage.

Ms O’Buachalla having taken the oath adopted her précis, which had previously been received by the Tribunal as being her evidence in chief.

In her evidence Ms O’Buachalla said that the levels of value in the estate were inconsistent. Analysis of the various assessments indicated that the office content was valued at the common level of €47.84 per square metre whilst the rate applied to the warehouse/light industrial area varied from €34.11 per sq.m. to €41 per sq.m. It would appear that no allowance was made for eaves height but that an allowance had been made in some instances for quantum.

Ms O’Buachalla said that she had a copy of the revising valuer’s report and it was clear from that report that no additional value had been attributed to the extensions and alterations carried out by the appellant company. The revising valuer to whom the alterations had been pointed out by Mr. O’Carroll had presumably come to the conclusion that the added value if any should be reflected in the overall valuation on the manufacturing/warehouse areas and office areas respectively. Having regard to the nature and use of this extra accommodation Ms. O’Buachalla felt that this was a reasonable approach to take and one she used in arriving at her opinion of net annual value. Accordingly she valued the subject property as set out below:

Warehouse/Manufacturing area:	1,066sq.m. @ €6.86 =	€39,292
Offices:	435sq.m. @ €47.84 =	€20,810
Total NAV		= €60,102
Rateable Valuation	@ 0.63% =	€78

In support of her opinion of Net Annual Value Ms. O Buachalla submitted an analysis of eight comparable properties located in the same estate as the subject property details of which are set out in Appendix 1 of this judgment.

She indicated to the Tribunal that neither she nor her company had any direct involvement in any of her comparisons. The information and analysis she said were provided to her by other rating consultants or the Revising Valuer's report in regard to comparisons number 5 and 7. Ms. O'Buachalla said she had no reason to doubt the information given to her, but could not say if the analysis of the comparisons were agreed with the Valuation Office.

Respondent's Case

Mr. Malachy Oakes having taken the oath adopted his précis which had previously been received by the Tribunal as being his evidence in chief. In his evidence he said that it was right and proper that the additional accommodation provided by the appellant should be valued and he could not understand why the revising valuer had made no reference to it in her report. In his opinion of Net Annual Value he had valued the additional toilet accommodation on the ground floor at the same square metre rate as the Warehouse and had applied a lower rate per square metre to the first and second floor accommodation having regard to the fact that it does not have the benefit of natural lighting. Accordingly Mr. Oakes put forward his opinion of Net Annual value as set out below:

3/s Offices	435m ²	@	€47.83/m ²	=	€20,806
Warehouse	1,066m ²	@	€41.00/m ²	=	€43,706
1 st Floor Canteen	51.6m ²	@	€37.56/m ²	=	€1,938
2 nd Floor Store	51.6m ²	@	€20.50/m ²	=	€1,057
1 st Fl Wks office	45m ²	@	€34.17/m ²	=	€1,537
Store to side	63.0m ²	@	€27.34/m ²	=	€1,722
Total NAV	=	€70766	@	0.63%	
=		RV €445.82	Say €450		

In support of his opinion of Net Annual Value Mr. Oakes relied upon the details of two comparisons as set out in Appendix 2 attached to this judgment.

Under cross-examination Mr. Oakes said he fully accepted Mr. O'Carroll's evidence that he had pointed out the alterations and additions to the revising valuer. Whilst he accepted that on occasions valuers can and do differ on how to value a particular property it was his opinion that the extra space provided by the appellant in this case must be valued and that it should be shown separately in the calculation of Net Annual Value. Mr. Oakes said that in his opinion quantum was not an issue in buildings in this estate as the areas were relatively small and this was borne out by his comparisons one of which had a warehouse area of 1,644m² and the other 7,000m² both of which were valued at the same square metre rate.

Findings

The Tribunal has carefully considered all the evidence and argument adduced by the parties and makes the following findings:-

1. It is common case that the appellant company carried out extensions and alterations to the premises as originally demised. The Tribunal accepts Mr. O'Carroll's evidence that he pointed out these works to the revising valuer who for whatever reason made no mention of them either in the revising valuers report or the outline drawing of the premises prepared at the time.
2. In regard to the extensions and alterations both valuers adopted different valuation approaches. Ms. O'Buachalla did not attribute any separate value to the works but merely reflected any added value attributed to them in the rates applied to the office and warehouse areas respectively. The respondent on the other hand separated out the various constituent parts of the building and attributed a separate rate per square metre to each of them. Having regard to the facts of this appeal the Tribunal prefers Mr. Oakes

approach subject to the proviso that the value attributed to the plant room area should be reflected in the rate per square metre attributed to the warehouse/light industrial area.

3. The Tribunal in order to arrive at its determination of net annual value relies upon valuation evidence introduced by the valuers. Having considered the evidence in detail it is the Tribunal's task to consider what weight should be given to the evidence. In the circumstances of this appeal the Tribunal accepts the evidence of both parties that the appropriate rate per square metre to be attributed to the original office space is €47.83. In regard to the warehouse area the Tribunal prefers the figure put forward by Mr. Oakes and accepts his contention that quantum as such is not a factor to be taken into account for a building of the size of the subject.
4. In relation to the extra accommodation provided by the appellant company, the Tribunal prefers Mr. Oakes valuation approach. However having regard to Mr. O'Carroll's evidence regarding the quality of the accommodation the Tribunal finds that the levels of value attributed to the extra accommodation are excessive and particularly so in regard to the plant room area. Accordingly therefore the Tribunal determines the Net Annual Value of the subject property to be as calculated below:

Offices 3-Storey	435sqm @ €47.83psqm	= €20,806	
Warehouse/Manufacturing Area	1,066sqm @ €41.00psqm	= €43,706	
1 st Floor Canteen	51.6sqm @ €25.00psqm	= €1,290	
2 nd Floor Stores	51.6sqm @ €15.00psqm	= € 774	
Works Offices	45.sqm @ €15.00psqm	= € 675	
Plant Room	63.0sqm (reflected in Warehouse figure)		
Net Annual Value		= €67,251	Say
		€67,000	
Rateable Valuation @ 0.63%		= €422	