

Appeal No. VA04/3/003

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

Green Property Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Office(s), Carpark at Lot No. 99, Sundry Townlands, Pembroke West A, Pembroke West, County Dublin

B E F O R E

John O'Donnell - Senior Counsel

Chairperson

Brian Larkin - Barrister

Member

Frank O'Donnell - B.Agr.Sc. FIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 13TH DAY OF DECEMBER, 2004

By Notice of Appeal dated the 30th day of June, 2004 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €10,713.00 on the above described relevant property.

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

"The property is only partially complete. Without prejudice to the foregoing the secondary location, low rental/NAV and size of the property.

The appeal proceeded by way of an oral hearing, which took place at the Valuation Tribunal Offices, Ormond House, Ormond Quay Upper, Dublin 7 on 1st November, 2004. Mr. Adrian Power Kelly, FRICS., FSCS., a Partner in Harrington Bannon, Chartered Valuation Surveyors appeared on behalf of the appellant together with Mr. Willie Dowling of CB Richard Ellis Gunne. Mr. Terry Fahey, B.Sc. (Hons) Prop. Ec., Valuer in the Valuation Office appeared on behalf of the respondent.

In accordance with the Rules of the Tribunal, both valuers, having taken the oath, adopted their respective précis, which had previously been received by the Tribunal as their evidence-in-chief. From the evidence so tendered, and from the evidence of Mr Dowling, the following emerged as being the facts relevant and material to the appeal.

LOCATION AND DESCRIPTION OF SUBJECT PROPERTY

The subject property is located at the intersection of Ringsend Road and South Lotts Road immediately adjacent to Shelbourne Park Greyhound Racing Track and opposite the former Irish Glass Bottle Factory and warehousing complex. Dublin city centre is approximately 2.5 kilometres to the northwest. Ringsend Road is a main arterial route for private and commercial vehicular traffic from the southeastern suburbs of Dublin city to the city centre and commercial areas centred on St. Stephen's Green, Merrion Square and Fitzwilliam Square. The property is a new five storey office block with ninety nine secure basement car parking spaces. Internally the property has raised access floors, air conditioning and five passenger lifts. Structurally the building is of steel and reinforced concrete frame construction with block walls with a mix of brick and granite clad external elevations. Windows are of double glazed type and the roof is of flat construction with protective waterproof membrane and chippings. The building is an open plan design suitable for either single or multiple occupancy.

VALUATION HISTORY

The Valuation History in respect of the property is as follows:

An RV of €11,282.00 was assessed on revision in December 2003. Following an appeal lodged by Messrs Harrington Bannon acting on behalf of the appellant, the Commissioner determined a rateable valuation of €10,713.00 which was issued on the 29th June, 2004.

TENURE

It is understood that the property is held freehold.

ACCOMMODATION

The total accommodation is 9,990 sq.metres divided into five floors as follows:

Lower Ground Floor	1,200 sq.metres
Ground Floor	2,371 sq.metres
First Floor	2,579 sq.metres
Second Floor	2,531 sq.metres
Third Floor	1,309 sq.metres

THE APPELLANT'S CASE

At the oral hearing Mr. Willie Dowling, CB Richard Ellis Gunne, Letting Agents for the building, gave evidence on behalf of the appellant. He stated that his firm started a marketing campaign for this building three years ago and that the building was completed two and a half years ago. It is still unlet in spite of a very serious marketing campaign. He outlined the difficulties in letting this, mainly that it is not in a prime office location, it is ten minutes from the nearest Dart Station and that it is difficult to find a tenant for an office of over 100,000 square feet.

Mr. Power Kelly, for the appellant, stated that the property is situated in a peripheral office location in what is a high-density residential area with numerous former local authorities housing estates in the immediate vicinity and that this is a modern office building on five levels.

The factors affecting the building are:

It is located in a peripheral office location in a high density low income area. There is a lack of commercial properties in the area. It is off pitch when compared with the likes of Merrion Square, Fitzwilliam Square and Mount Street.

He stated that when looking at the NAV and tone of the list there was no direct comparison within this location to establish an NAV for rating purposes. However, he looked at similar quality buildings in Dublin 2 and Dublin 4 to establish a ratio between the NAV and the rental value and secondly to establish what is the discount vis-à-vis offices in these prime locations. This exercise established that the current rental value for a property in Ringsend is between 62 and 74 per cent of that for prime properties and this differential should be reflected in the net annual value and rateable valuation.

Having regard for the foregoing, Mr. Power Kelly contended for a rateable valuation of €7,950.00 which he calculated as set out below:

Lower Ground Floor	1,200sq.m @ €120/sq.m	=	€144,000
Ground Floor	2,371sq.m @ €120/sq.m	=	€284,520
First Floor	2,579sq.m @ €120/sq.m	=	€309,480
Second Floor	2,531sq.m @ €120/sq.m	=	€303,720
Third Floor	1,309sq.m @ €120/sq.m	=	€157,080
Cars	99 spaces @ €635/space	=	<u>€ 62,865</u>
Total NAV			€1,261,665
	RV @ 0.63%	=	€7,948
	SAY		€7,950

In support of his opinion of net annual value, Mr. Power Kelly put forward details of various offices throughout the city as set out in Appendix 1 attached to this judgment. He also supplied photographs of the subject property. The average NAV per square metre of all his comparisons is €158 and applying a discounted rate of 69% gives an NAV per square metre of €111 and he values the subject property at €120 per square metre.

RESPONDENT'S CASE

Mr. Terry Fahey, for the respondent, agreed with the description of this building and with the areas. He contended for a rateable valuation of €10,713 calculated as set out below :

Net Internal area	9990sq.m @ €164/sq.metre	=	€1,638,360
Car Spaces	99 @ €635 per space	=	<u>€ 62,865</u>
	Net Annual Value	=	€1,701,225

RV @ .63%	=	€10,717.72
SAY		€10,713

In support of his opinion of net annual value, Mr. Fahey put forward details of four comparisons of modern office blocks in the general area. Details of these are as set out in Appendix 2 attached to this judgment. He also produced photographs of the subject premises and of his comparisons. He stated that the subject property is as good as any modern office building in Dublin. He supported his opinion of value with four comparisons, which he referred to in some detail.

- 1) Microsoft Ireland Operations Ltd., Grand Canal Street Upper
A new office block with raised floors and air conditioning, which is very similar to the subject property.
- 2) Ocean Communications Ltd., Grand Canal Street Upper.
A new office block with raised floors and air conditioning and like comparison 1, forms part of the Grand Canal Plaza.
- 3) Esat Building, Grand Canal Quay.
A modern office block with raised floors and air conditioning. Agreed First Appeal 2000/04.
- 4) The Treasury Building, Grand Canal Street Upper.
The Treasury Building occupied by UDT, determined by the Tribunal in **VA93/2/018**.

FINDINGS

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

The Tribunal agrees that the subject premises is as good as any of the Valuation Office's comparisons. However, in the Tribunal's view a discount should be given to take account of the inferior location. It is further away from the Dart Station and there is a higher density of residential development than office development in the immediate vicinity.

DETERMINATION

Having regard for the foregoing, the Tribunal determines the rateable valuation of the subject property to be €9,427 calculated as set out below:

9990 sq.metre	@ €143.5/sq.metre	=	€1,433,565
Car Spaces	99 @ €635 per space	=	€ 62,865
Net Annual Value			<u>€1,496,430</u>
Ratable Valuation	@ 0.63%	=	€ 9,427

And the Tribunal so determines.