

Appeal No. VA05/2/030

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

Dream Hotels Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel at Lot Number 3.4A/1, Corrachuill, Drumshanbo, Carrick-on-Shannon 1, County Leitrim.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Joseph Murray - B.L.

Member

Leonie Reynolds - Barrister

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF OCTOBER, 2005

By Notice of Appeal dated the 24th day of May, 2005, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €1,011.00 on the above described relevant property.

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

"Valuation excessive and inequitable."

1. This appeal came before the Tribunal at an oral hearing held on the 8th July, 2005 at the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7. At the hearing the appellant was represented by Ms. Sheelagh O Buachalla B.A., ASCS, a Director of GVA Donal O Buachalla and the respondent by Mr. Damien Curran M.R.I.C.S., A.S.C.S., B.Sc (Surv), a Team Leader in the Valuation Office.

2. The property concerned is the recently built Loch Allen Hotel which is located just outside the village of Drumshanbo on the R207, a minor county road which connects the villages of Leitrim and Dowra and eventually joins the N16 just north of Blacklion. Drumshanbo has a population of 623 persons (2002 Census) and is located some 14 km north of Carrick-on-Shannon.

3. The Loch Allen Hotel is a recently built hotel with leisure centre. The hotel, which operates as part of the Ramada Group, has 64 bedrooms together with all the usual ancillary public rooms and a leisure centre. The hotel is as yet un-graded but has been designed and built to a standard such as to attain a 4-star rating. The area of the hotel measured on gross external area basis is as follows:

Hotel:	5,563 sq. metres
Plant Room:	358 sq. metres
Total area =	5,921 sq. metres

4. In November 2004, the Valuation Office issued a Certificate in accordance with Section 28 (4) of the Valuation Act, 2001 to the effect that the rateable valuation of the property had been assessed at €1,100. Following an appeal to the Commissioner of Valuation the rateable valuation was reduced to €1,011 and it is against this decision that the appeal to the Tribunal now lies. The only matter at issue is the quantum of the Valuation.

The Appellant's Evidence

5. Ms. O Buachalla having taken the oath adopted her written précis and valuation which had previously been received by the Tribunal as being her evidence-in-chief. In her evidence Ms. O Buachalla contended that the rateable valuation of the property concerned should be €695 calculated as set out below:

Hotel 5,563.11 sq. metres @ €25 per sq. metre = €139,077

Net Annual Value €139,000

Rateable Valuation @ 0.5% = €695

In support of her opinion of net annual value Ms. O Buachalla introduced three comparisons, details of which are set out in Appendix 1 to this Judgment.

6. In her evidence Ms. O Buachalla said that the development of the Hotel was a tax-driven venture in an attempt to bring development and employment to the area. Drumshanbo, she said, was a small town and as such did not offer the same range of facilities as found in Carrick-on-Shannon which, she said, was a well-established tourist destination. Drumshanbo, Ms. O Buachalla said, was not on a main tourist route and this was borne out by the traffic census carried out by Leitrim County Council in 1995, which showed the following traffic levels:

Dublin – Sligo N4 Road: 4,850 cars daily.

R207 Carrick-on-Shannon to Drumshanbo: 585 cars daily.

7. Ms. O Buachalla said that the Loch Allen Hotel was in a start up situation and that business was mainly restricted to weekend breaks. In her opinion it would take several years for the hotel to get established due mainly to its remote rural location.

8. Ms. O Buachalla said that in her opinion the most relevant comparison was the Landmark Hotel in Carrick-on-Shannon. This hotel, she said, was similar to the subject property as far as the quality of accommodation and range of facilities was concerned. However the Landmark occupied a much better location fronting onto the River Shannon close to Shannon Bridge. In her opinion the difference in location warranted a 25% reduction in the rate per square metre at which the Landmark was valued.

9. Ms. O Buachalla said that in arriving at her valuation of the property concerned she had not attributed any value to the area housing the plant but had reflected it in her overall assessment of value. This method of valuation, she said, was common practice and she understood this to be the case in relation to her comparisons.

10. Under cross-examination Ms. O Buachalla agreed that the R207 was one of the main roads from Fermanagh to Leitrim and other western counties. In relation to the plant rooms in the other hotels in Leitrim cited as being comparable Ms. O Buachalla conceded that she could not categorically state that the area of these had not been included in the overall area of the hotels.

The Respondent's Evidence

11. Mr. Damien Curran having taken the oath adopted his written précis and valuation which had previously been received by the Tribunal as being his evidence-in-chief. In his evidence Mr. Curran valued the subject property as follows:

Hotel 5,921.33 sq metres @ €34.17 = €202,331.84

Net Annual Value Say €202,200

Rateable Valuation @ 0.5% = €1,011.00

In support of his valuation Mr. Curran introduced three comparisons, details of which are set out in Appendix 2 to this Judgment.

11. In his evidence Mr. Curran pointed out that in all his comparisons the area of the plant rooms was included in the area of the hotels all of which were measured on a gross external area basis. This method of valuation, Mr. Curran said, was the method used for valuing all hotels in the County Leitrim area. In the circumstances he considered it was right and proper that the subject property should be valued in the same manner. Mr. Curran agreed with Ms. O Buachalla that the Landmark Hotel in Carrick-on-Shannon was the most relevant comparison in that it was of a similar grading and equivalent standards of construction and finish and offered the same range of facilities. Mr. Curran further agreed that the Landmark occupied a better commercial location and in arriving at his valuation of the subject property, he said, he had applied a 5% reduction to the square metre rate applied in the Landmark Hotel valuation.

Findings

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

1. It is common case that the most relevant comparison is the Landmark Hotel in Carrick-on-Shannon.
2. It is also common case that the Landmark Hotel and the property concerned are both constructed to a standard and provide a range of facilities including a leisure centre sufficient to attain a 4-star grading. Both hotels are somewhat similar in size although the Landmark which is the larger has 51 bedrooms, whilst the property concerned has 64 bedrooms.
3. Both valuers agreed that the subject property occupies an inferior trading location to the Landmark Hotel and both made an allowance for this in arriving at their respective opinions of net annual value. Mr. Curran considered a 5% reduction to be appropriate while Ms. O Buachalla thought it should be 25%. The Tribunal finds that Mr. Curran's allowance of 5% is inadequate and does not fully reflect the locational disadvantages of the subject property. The Tribunal is of the opinion that a 15% reduction to the square metre rate applied to the Landmark Hotel is appropriate.
4. Mr. Curran in preparing his valuation included the area of the plant room in the overall area of the hotel, measured on a gross external area basis. Mr. Curran said his reason for so doing was because all his comparisons were measured and valued on a similar basis. Ms. O Buachalla was of the opinion that the area of the plant room should either be excluded and reflected in the valuation of the hotel or in the alternative valued at a lower rate per square metre than the hotel proper. The Tribunal accepts Mr. Curran's evidence that all his comparisons were valued on a similar basis and in the furtherance of the principles of good valuation practice that you value as you devalue, the Tribunal accepts Mr. Curran's valuation methodology.

Determination

Having regard to the foregoing the Tribunal determines the rateable valuation of the property concerned to be €888 calculated as set out below:

Hotel (Inc. Plant Room) 5,921 sq. metres @ €30 per sq. metre	= €177,630
Net Annual Value	= €177,630
Rateable Valuation @ 0.5%	= €888

And the Tribunal so determines.