

Appeal No. VA05/3/048

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

Kearys of Cork Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Showroom, Garage/Filling Station at Lot No. Unit 31, Ballycurreen, Lehenagh, County Cork.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

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

Member

Maurice Ahern - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 8TH DAY OF DECEMBER, 2005

By Notice of Appeal dated the 19th day of July, 2005, the appellant appealed against the Commissioner of Valuation in fixing a rateable valuation of €1,100.00 on the above described relevant property.

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

"Valuation excessive & inequitable"

This appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 12th October, 2005. At the hearing the appellant was represented by Mr. Alan McMillan, ASCS, MRICS, MIAVI, a Director of GVA Donal O Buachalla. The respondent, the Commissioner of Valuation, was represented by Mr. Terence Dineen, B. Agr. Sc., a District Valuer in the Valuation Office.

The Subject Property

The subject property comprises an extensive motor sales and service complex, occupying a three acre site close to the Kinsale Road roundabout and with substantial frontage onto the South Ring Road situated about three kilometres from Cork city centre. An adjoining site containing approximately 1.3 acres, also owned by the appellant, has been set aside for future development of a type similar to that of the property concerned.

The property concerned is located at the end of an estate road within the Togher Industrial Estate which is accessed off Pouladuff Road.

The subject property consists of two detached buildings both of which are designed in the modern idiom and striking in appearance and constructed to a high standard of specification and high quality finish. The larger building which is part single-storey and part two-storey is used for the sale of Toyota cars and includes a large motor service area. The smaller building is used for the sale of Lexus cars. The accommodation and areas as agreed are set out below.

Toyota

Showroom	623	sq. metres
Offices	841.6	sq. metres
Stores	179.2	sq. metres
Workshop	1,028	sq. metres
Valeting	223.4	sq. metres
Store	87	sq. metres
Boiler House	40	sq. metres

Lexus

Showroom	426.5	sq. metres
Handover	43.0	sq. metres

Services 49.4 sq. metres

155 Car Spaces

Tarmac Parking 2,146 sq. metres

Rating History

On the 1st of December 2004 a Valuation Certificate was issued by the Revision Officer pursuant to Section 29 of the Valuation Act, 2001 to the effect that the rateable valuation of the property concerned had been assessed at €1,175. Following an appeal to the Commissioner of Valuation this assessment was reduced to €1,100 and it is against this decision by the Commissioner that the appeal to this Tribunal lies.

The Appellant's Evidence

Mr. McMillan having taken the oath adopted his written précis and valuation which had previously been received by the Tribunal as being his evidence-in-chief.

At the hearing Mr. McMillan sought leave to amend his valuation as set out in his written précis to reflect the effect of some relatively minor miscalculations. As a consequence, Mr. McMillan contended for a rateable valuation of €725, calculated as set out below.

Toyota

Showroom	623	sq. metres @ €47.77	= €29,760
Offices	841.6	sq. metres @ €41.00	= €34,505
Stores	179.2	sq. metres @ €23.88	= €4,279
Workshop	1,028	sq. metres @ €27.33	= €28,095
Valeting	223.4	sq. metres @ €20.44	= €4,566
Store	87	sq. metres @ €20.44	= €1,778
Boiler House	40	sq. metres @ €13.66	= €546.40

Lexus

Showroom	426.5	sq. metres @ €47.77	= €20,374
Handover	43.0	sq. metres @ €41.00	= €1,763
Services	49.4	sq. metres @ €20.44	= €1,010

155 Car Spaces @ €100 (quantum & location allowance) = €15,500

Tarmac Parking 2,146 sq. metres @ €1.37	= €2,940
Total NAV Say	= €145,000
RV @ 0.5%	= €725

In support of his opinion of net annual value Mr. McMillan introduced two comparisons, details of which are set out in Appendix 1 attached to this judgment.

In his evidence Mr. McMillan stressed the fact that there was no direct access to the property from the South Ring Road. On the contrary, he said, access was from the Pouladuff Road via an internal road within the Togher Industrial Estate which contained a number of dated and in some instances unsightly industrial and warehouse buildings. Mr. McMillan also pointed out that due to the topography of the area the property concerned derived no benefit from the frontage onto the South Ring Road. Mr. McMillan said that in arriving at his opinion of net annual value he had regard to the general location of the property concerned, coupled with its poor profile and unattractive access. In both these important aspects the subject property, he said, compared unfavourably with the comparisons introduced by him. As far as the design and the specification of the buildings were concerned these were primarily cosmetic in nature and whilst important in themselves they did not, Mr. McMillan said, compensate for the major adverse locational shortcomings of the subject property.

Under cross-examination by Mr. Dineen, Mr. McMillan again defended his valuation approach and argued that the various rates per sq. metre applied by him to the various components of the property concerned were appropriate having regard to the location of the subject property and its unattractive setting relative to those of his comparisons, both of which he opined occupied better locations for the selling of motor vehicles. Mr. McMillan said that the property concerned was much larger than either of his comparisons and this too was something he had regard to in his valuation approach. Mr. McMillan agreed that he had no hard market evidence to support his argument that the location of his comparisons, Seaman Motors and Wilton Motors, was superior to that of the property concerned.

Mr. McMillan agreed that the current upgrading of the Kinsale Road roundabout would improve the visibility and profile of the property concerned, but said that the property must be valued in its state and circumstance as of the valuation date i.e. 2004.

The Respondent's Evidence

Mr. Dineen 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 evidence Mr. Dineen contended for a rateable valuation of €1,100 calculated as set out below.

Toyota Block

Showroom	623	sq. metres @	€82.00	=	€1,086
Offices	841.6	sq. metres @	€54.67	=	€46,010
Stores	179.2	sq. metres @	€34.17	=	€6,123
Workshop	1,028	sq. metres @	€41.00	=	€42,148
Valeting	223.4	sq. metres @	€27.34	=	€6,108
Store	87	sq. metres @	€27.34	=	€2,378
Boiler House	40	sq. metres @	€20.51	=	€820

Lexus Block

Showroom	426.5	sq. metres @	€82.00	=	€34,973
Handover	43.0	sq. metres @	€54.67	=	€2,351
Services	49.4	sq. metres @	€27.34	=	€1,350

Parking

Car Display	155 Spaces	@	€150.00	=	€23,250
Tarmac Parking	2,146 sq. metres	@	€3.00	=	€6,438
NAV				=	€23,035
RV @ 0.5%				=	€1,115
RV Say				=	€1,100

In support of his opinion of net annual value Mr. Dineen introduced four comparisons details of which are set out in Appendix 2 attached to this judgment. It is noted that two of Mr. Dineen's comparisons were also introduced by Mr. McMillan i.e. comparisons No. 1 and No. 4.

In evidence Mr. Dineen described the property concerned as being the best motor sales showroom premises in Cork. In arriving at his opinion of net annual value he said he had looked at prevailing levels of assessments for industrial buildings in the Togher Industrial Estate. These, Mr. Dineen said, were €34.17 and €47.83 per sq. metre on factory and office space respectively. These levels, Mr. Dineen said, were 'benchmark' figures which he applied to the property concerned, suitably adjusted to reflect its higher specification and quality. Mr. Dineen said that the various rates per sq. metre applied to the various elements of the property concerned were fair and reasonable and well supported by his comparisons.

In regard to Mr. McMillan's comments about the location of and access to the property, Mr. Dineen said Mr. McMillan had over compensated for these alleged shortcomings. Mr. Dineen said that the purchase of a motor vehicle was a planned activity as distinct from an impulse decision and hence location was not as critical a factor as it would be for other retailing activities. In his opinion the location of the subject property was an excellent one for the sale of cars. In addition the design, layout, quality and high specification of the buildings made the property concerned the best of its kind in Cork. Hence it was fair that all these attributes be taken into account when arriving at its net annual value.

Under cross-examination Mr. Dineen defended his choice of comparisons which he said supported his valuation of the property concerned. He agreed that his comparison No. 3 (Rochestown Auto Centre) was located on a very busy road but expressed the view that its location and building quality were inferior to that of the subject. The same, he said, could be said for all of his comparisons.

When asked if he had made any specific allowance for the upgrading works at the Kinsale Road roundabout, Mr. Dineen said he had regard to them insofar as it was well known at the valuation date that they were due to commence in the near future. Hence it would be reasonable to say that any depreciation in value due to a lack of profile and visibility would be of short duration as at the valuation date.

Findings

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

1. It is common case that the subject property is a modern motor sales and repair complex constructed to a high standard of design, specification and finish.
2. The Kinsale Road roundabout occupies a pivotal location on the South Ring Road. Whilst the property concerned has frontage onto the road and is close to the roundabout, the benefits which would normally be associated with these features are diminished somewhat by the access off the Pouladuff Road through the Togher Industrial Estate and the restricted visual impact of the buildings due to the topography of the site. It is common case that the latter will improve after the upgrading of the Kinsale Road roundabout but the access problem will remain as it is.
3. The Tribunal accepts Mr. Dineen's contention that buying a car is not an impulse purchase and hence location is not as important a factor as it would be for normal retail activities. Nonetheless, as with all property considerations, location is an important factor. In this regard whilst the Tribunal accepts Mr. Dineen's opinion that the location of the property concerned is a very good one, it is impaired to some degree by its access. It is the view of the Tribunal that Mr. Dineen did not have sufficient regard to this in arriving at his opinion of net annual value.

Determination

Having regard to the above the Tribunal determines the rateable valuation of the property concerned to be €1,025 calculated as set out below.

Toyota Block

Showroom	623	sq. metres @ €78	= €48,594
Offices	841.6	sq. metres @ €50	= €42,080
Garage/Service Block	1,028	sq. metres @ €35	= €35,980
Stores	179.2	sq. metres @ €30	= €5,376
Valeting	223.4	sq. metres @ €25	= €5,585
Store/Engine Room	87	sq. metres @ €25	= €2,175
Boiler House	40	sq. metres @ €15	= €600

Lexus Block

Showroom	426.5	sq. metres @ €78	= €33,267
Handover Area	43.0	sq. metres @ €50	= €2,150
Services	49.4	sq. metres @ €25	= €1,235

Parking

155 Car Spaces	@ €150	= €23,250
Tarmac Parking	2,146 sq. metres say	= €5,000
Total NAV		€205,292
Total NAV Say		€205,000
Rateable Valuation		€1,025

And the Tribunal so determines.