

Appeal No. VA07/1/005 & 008

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

Aldi Stores (Ireland) Developments Ltd. (VA07/1/005)
Frankfield Supermarkets Ltd. (VA07/1/008)

APPELLANTS

and

Commissioner of Valuation

RESPONDENT

RE: Supermarkets at Lot No. 1K (VA07/1/005), 1D (VA07/1/008), Grange Road, Grange,
Lehenagh, Cork Lower, County Cork.
Quantum -tone of the list

B E F O R E

Michael P.M. Connellan - Solicitor

Deputy Chairperson

Mairéad Hughes - Hotelier

Member

Joseph Murray - B.L.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 13TH DAY OF JUNE, 2007

By Notices of Appeal received on the 22nd day of February, 2007 (VA07/1/005) and the 8th day of March, 2007 (VA07/1/008), the appellants appealed against the determination of the Commissioner of Valuation in fixing rateable valuations of €75.00 (005) and €20.00 (008) respectively on the above described relevant properties.

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

"Excessive and inequitable and bad-in-law. The levels of valuation applied do not reflect the established tone of the list."

Both of these appeals proceeded by way of an oral hearing at the Offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 25th day of April, 2007. At the hearing both appellants were represented by Ms. Dawn Holland, B.Sc (Hons), MIAVI, from GVA Donal O Buachalla Consultants, 86 Merrion Square, Dublin 2. Mr. Terence Dineen B.Agr Sc, a District Valuer in the Valuation Office, represented the respondent, the Commissioner of Valuation.

When the parties had completed their evidence in Appeal ref. VA07/1/008 – Frankfield Supermarkets Ltd. they jointly confirmed to the Tribunal that the same evidence applied equally to Appeal ref. VA07/1/005 – Aldi Stores (Ireland) Developments Ltd.

The Issue

Quantum.

The Properties

Frankfield Supermarkets Ltd. (VA07/1/008)

Frankfield Supermarkets Ltd. was formerly a Munster Carpets factory (all that remains of this building are 2 small blocks that are now used as stores). The overall development also contains 3 small retail units, only 1 of which was occupied at the valuation date. This property is located on Grange Road, (which is on the outskirts of Douglas Village) and is about 2.5 km from the village centre. The premises was acquired in 2003, and the new supermarket was opened in August, 2005. The supermarket is substantially ground floor with a small first floor staff area. Within the supermarket there is a bakery, delicatessen and off-licence, with a typical Supervalu layout and finish. There are 149 car park spaces on the site that are shared with the other 3 units. As well as the supermarkets there are three new two storey retail/office units, one of which is now leased as a pharmacy. The subject is adjacent to Aldi Stores (Ireland) Developments Ltd., also under appeal. The other 2 retail units remained vacant at date of hearing.

Tenure

The property is freehold.

Aldi Stores (Ireland) Developments Ltd. (VA07/1/005)

Aldi Stores (Ireland) Developments Ltd. is adjacent to Frankfield Supermarkets. The property is a purpose-built single storey supermarket of typical steel frame construction with panelled concrete walls and an insulated metal decked mono pitch roof. The internal layout is typically plain with

ceramic tiled floors and suspended ceiling with inset lighting and air ducts. Car parking for 92 cars is to the side of the building and there is a single loading bay area at the rear. The premises was opened in December, 2005.

Tenure

The property is freehold.

Accommodation

Frankfield Supermarkets Ltd:

Floor areas are agreed as follows:

Retail	1,550 sq. metres
Stores	699 sq. metres
Ground Floor Offices	96 sq. metres
First Floor Offices	174 sq. metres

Aldi Stores (Ireland) Developments Ltd:

Floor areas are agreed as follows:

Retail	840 sq. metres
Stores	333 sq. metres
Offices	68 sq. metres

Valuation History

Frankfield Supermarket Ltd.: a valuation certificate with an RV of €20.00 issued on 3rd July, 2006. The Commissioner of Valuation received an appeal against this valuation on 11th August, 2006. Following consideration of the appeal, the RV was issued unchanged on 9th February, 2007. An appeal to the Valuation Tribunal was lodged on 8th March, 2007.

Aldi Stores (Ireland) Developments Ltd.: a valuation certificate issued with an RV of €475.00 on 3rd July, 2006. On 11th August, 2006 an appeal to the Commissioner was lodged and having considered the appeal the Commissioner issued the RV unchanged at €475.00 on 26th January, 2007. An appeal to the Valuation Tribunal was lodged on 22nd February, 2007.

The Appellants' Case

Ms. Dawn Holland, for the appellants, took the oath and adopted her précis as her evidence-in-chief. She said that she would deal firstly with Frankfield Supermarkets Ltd. On Page 1 of her précis of evidence she amended the VO Property No. to read 929595 and the Lot No. to read 1D, Grange Road.

She described the valuation history of the subject as already set out above. She described Grange Road as predominately a residential secondary road, linking Douglas Village with Ballycurreen (near the Airport Road). She advised that the car park is open for use to all customers that use any of the business premises in the development, and this includes a public house (that also has its own small car park) and a restaurant that is adjacent to the subject. Ms. Holland then spoke about two of the comparisons used by the Valuation Office namely:

Comparison 3

Downs Supervalu, Ballincollig, Co Cork:

RV €406.32

Sales	672 sq. metres @ €88.84 per sq. metre =	€59,700
Stores (Ground Floor)	327 sq. metres @ €34.17 per sq. metre =	€11,173
Offices(Ground Floor)	58 sq. metres @ €82.00 per sq. metre =	€4,756
First Floor offices as stores	96 sq. metres @ €54.67 per sq. metre =	<u>€5,248</u>
		€80,877

RV @ 0.5% €406.32

This premises is located on Main Street, Ballincollig and is directly opposite Ballincollig Shopping Centre with parking on street as well as to the back of the building. Ms. Holland said that Ballincollig is a large commuter town about 6 miles from Cork City. This supermarket enjoys a heavy footfall due to its central location

Comparison 1

Collins Supervalu, Carrigaline, Co Cork:

RV €1,339

Sales Area	2,337 sq. metres @ €88.84 per sq. metre =	€207,619
Store	1,030 sq. metres @ €34.16 per sq. metre =	€35,184

Comparison 2 (a common comparison)

Ryan's, Crestfield Centre, Glanmire:

RV €15.15

Retail 1,273 sq. metres @ €12.00 per sq. metre = €104,386

Stores (Ground Floor) 57 sq. metres @ €41.00 per sq. metre = €2,321

Stores (First Floor) 454 sq. metres @ €27.32 per sq. metre = €12,403

Yard €2,200

NAV €21,310

Glanmire is a village on the outskirts of Cork City. Crestfield Centre is the retail centre of Glanmire and boasts over 40 retail units that include a Post Office, Credit Union, public house, coffee shops and a medical centre. Ryan's is in the centre of this development. Car parking is ample here.

Comparison 3

Aldi Ballincollig:

RV €82.50

Retail 1,399 sq. metres @ €58.63 per sq. metre

NAV €6,013

This premises is within a small retail park in a secondary location in the town. The valuation of €58.63 per sq. metre for this premises demonstrates the location argument when compared to Down's Supermarket which is situated in the centre of the town and has a retail valuation of €88.84 per sq. metre

Ms. Holland then briefly spoke about her two other comparisons, Dunnes Stores in Douglas Court SC, and Dunnes Stores in Bishopstown.

Comparison 4

Dunnes Stores, Douglas Court SC:

RV €2,425.70

Retail 5,315 sq. metres @ €17.76 per sq. metre = €81,404

Stores 1,259 sq. metres @ €47.84 per sq. metre = €60,231

Offices 462 sq. metres @ €1.00 per sq. metre = €18,942

Mezzanine	594 sq. metres @ €41.00 per sq. metre =	<u>€24,354</u>
NAV		€484,931

Comparison 5

Dunnes Stores, Bishopstown:

RV €1,752.60

Retail	3,905 sq. metres @ €71.76 per sq. metre =	€280,223
Stock Room	565 sq. metres @ €47.84 per sq. metre =	€27,030
First Floor Stock Room	611 sq. metres @ €41.00 per sq. metre =	€25,051
Staff Area	532 sq. metres @ €34.17 per sq. metre =	<u>€18,178</u>
NAV		€350,482

Ms. Holland said that both of these comparisons are large units and are not wholly comparable to the subject. Nevertheless, she said, the retail valuation in both of these comparisons demonstrates the value put on first class locations. She also listed another eight supermarkets that are within the Cork County Council rating authority area and that mostly have a retail valuation of €61.50 per sq. metre.

Ms. Holland summed up her evidence by saying that the level of valuation reasonably applicable to the subject must be below those of her comparisons due in principal to the secondary location of the subject which is located in a residential area and not the town centre, as is the case with Downs Supermarket and Collins Supermarket. She stated that a reduction to €68.34 per sq. metre on the retail space is fair and reasonable. Her estimate of valuation is as follows:

Ground Floor: Retail	1,550.00 sq. metres @ €68.34 per sq. metre =	€105,927
Ground Floor: Store	698.99 sq. metres @ €27.33 per sq. metre =	€19,103
First Floor: Office/Canteen	270.49 sq. metres @ €34.17 per sq. metre =	<u>€9,242</u>
Total NAV		€134,273
RV @ 0.5%		€671

Cross-examination

Under cross examination by Mr. Dineen for the Valuation Office, Ms. Holland said that she restricted her comparisons to the rating area rather than the locality as was suggested by Mr. Dineen. She also said that she used the 'Tone of the List' rather the rental values of comparable

properties within the rating area. Mr. Dineen suggested that because both of the subject properties were isolated from competition, they had an advantage trading-wise. Ms. Holland said that both of these subject properties were in direct competition with each other, but that because of where they are situated, they were at a disadvantage as they do not have the benefit of having other businesses beside them and therefore would not benefit from the traditional services that support supermarkets such as the range of shops in places like Douglas Court Shopping Centre.

Respondent's evidence

Mr. Terence Dineen, for the respondent, took the oath and adopted his précis as his evidence-in-chief. Mr. Dineen said that it was his belief that Grange Road (where both subject properties are located) was a primary road in the city, despite the fact that the map indicated that this road was a secondary road. He said that this road was a very important road ("a huge road" in his own words) in the south city area of Cork, and that it links the industrial area of Ballycurreen with Douglas. He said that access to the subject is very convenient and, in his opinion, both of these subject premises are busy. When queried by the Tribunal Chairperson as to why the other two units attached to the subject properties were still vacant, Mr. Dineen said he was surprised they were not let.

In summary Mr. Dineen said that rateable values are, prime facie, correct. The Tribunal's role was to hear the evidence. He said that the 'Tone of the List' for supermarkets is based on secondary evidence rather than on rental evidence and, in his opinion, this results in these supermarkets being valued too low relative to other properties on the list. He said that both of the subject properties had huge advantages over Downs Supermarket and, possibly, Collins Supermarket. Both these premises are valued at the same rate per sq. metre (Retail) - €88.84 - even though Collins is much bigger than Downs. He further stated that Downs is in an inferior location to that of the subject, whereas Collins location is probably equal to that of the subject, but both of these premises have been valued at the same NAV levels. He also said that Ballycurreen Industrial Estate adds to the value of subject properties in his opinion.

In response to a question from the Tribunal Mr. Dineen said he could not explain the different rates per sq. metre applied by him to the ground floor offices in the 2 subject properties.

Cross-examination

Under cross examination by Ms. Holland following comments of his about the “fantastic access” and size of the road, Mr. Dineen was asked if there was a large volume of traffic on Grange road. He said that the road was not a busy road but that it was physically a “huge wide road”.

Ms. Holland advised that she did not have any further evidence to give in the Aldi appeal as her evidence already given to support the Frankfield appeal applied equally to Aldi. Mr. Dineen agreed with this.

Findings and determination

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

1. Both Frankfield Supermarket and Aldi Stores are located in close proximity to each other in a residential area on the Grange Road. This is a secondary road and not a “hugely important” road as argued by Mr. Dineen.
2. The fact that two units in the Frankfield development are still vacant is an indicator that the area lacks commercial demand and interest.
3. Both subject properties are isolated from other businesses and do not have support services like hairdresser, post office, etc to complement them.
4. Both Downs and Collins are situated in much better locations (as described in the appellants’ précis of evidence.)
5. The common Comparison (Ryan’s of Glanmire) valued at €82 per sq. metre is in a better location than both subject properties on Grange Road.
6. No acceptable evidence on rents was put before the Tribunal.
7. Mr. Dineen was unable to explain why different levels were applied to the ground floor offices of the subject properties. The level of €54.67 per sq. metre applied to the Frankfield premises (as against €75.17 per sq. metre in Aldi) seems to be closer to the prevailing Tone of the List.

With all of the foregoing considered, the Tribunal concludes that the following is a fair and reasonable valuation on the subject properties:

Frankfield Supermarket Ltd: (VA07/1/008)

Sales Area	1,550 sq. metres @ €78 per sq. metre =	€20,900
Stores	699 sq. metres @ €39 per sq. metre =	€27,261
Offices: Ground Floor	96 sq. metres @ €48 per sq. metre =	€4,608
Offices: First Floor	174 sq. metres @ €48 per sq. metre =	<u>€8,352</u>
TOTAL NAV		€61,121
NAV @ 0.5%		€805.61
SAY RV	€806	

Aldi Stores (Ireland) Developments Ltd: (VA07/1/005)

Sales Area	840 sq. metres @ €78 per sq. metre =	€65,520
Stores	333 sq. metres @ €39 per sq. metre =	€12,987
Offices: Ground Floor	68 sq. metres @ €48 per sq. metre =	<u>€3,264</u>
TOTAL NAV		€81,771
NAV @ 0.5%		€408.86
SAY RV	€409	

And the Tribunal so determines.