

Appeal No. VA07/3/014

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

**Musgraves Ltd.**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Office(s) Warehouse/Warerooms at Lot No. 13G, Ballycurreen, Lehenagh, Cork Lower, County Cork

**B E F O R E**

**Fred Devlin - FSCS.FRICS**

**Chairperson**

**Michael F. Lyng - Valuer**

**Member**

**Patrick Riney - FSCS FRICS FIAVI**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 3RD DAY OF DECEMBER, 2007**

By Notice of Appeal dated the 16th day of July, 2007 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €3,080.00 on the above described relevant property.

The grounds of Appeal are set out in the Notice of appeal, a copy of which is contained in Appendix 1 to this judgment.

1. 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 18th day of September, 2007.
2. At the Hearing the appellant was represented by Mr. Robert L Jeffery, FRICS, FSCS, a Director in Frank V. Murphy & Company Ltd.. Mr. Terence Dineen, B.Agr.Sc., a District Valuer in the Valuation Office appeared on behalf of the respondent, the Commissioner of Valuation.

### **The Property Concerned**

3. The property concerned comprises a large cash and carry premises occupied by Musgraves Ltd. together with administrative offices occupying a site area of 2.73 hectares (6.75 acres) at Ballycurreen just off Kinsale Road and close to the South Link Road roundabout.

### **Accommodation**

4. This large facility comprises a complex of buildings dating back to the early seventies with a number of additions since including the most recent extension which is a new three storey office building.
5. The main warehouse and cash and carry area is contained in an L-shaped structure of steel frame construction with infill concrete block walls and an insulated steel deck roof. Within this building and running along the north and south perimeter walls there are offices at ground and first floor levels with a canteen and ancillary accommodation at first floor level also. Within the main cash and carry area there is a cold-room with an area of 143 sq. metres.
6. At the front there is a new three storey office building constructed to a very high standard of quality and finish. This building has been designed with heat conservation and efficiency very much in mind, with solar panels on the roof, high levels of insulation and all measures taken to reduce solar glare and loss of heat. Air conditioning is installed throughout and the heating/cooling is provided by a sophisticated heat transfer system from ground water delivered via 12 x 150mm boreholes.
7. Off-street car parking for staff and customers is provided at the front and at the rear there is a separate service access for deliveries.
8. Prior to the oral hearing Mr. Jeffery and Mr. Dineen prepared and subsequently submitted an agreed schedule of areas which they had used for valuation purposes.

### Rating History

9. On the 22nd November, 2006 the Revision Officer appointed pursuant to section 28(2) of the Valuation Act, 2001 issued a certificate to the effect that the valuation of the property concerned had been assessed at €3,080. No change was made on foot of an appeal to the Commissioner of Valuation and it is against this decision by the Commissioner that the appeal to this Tribunal lies.

### The Appellant's Evidence

10. Prior to the oral hearing Mr. Jeffery submitted to the Valuation Tribunal a précis and valuation which was adopted by him at the hearing as being his evidence-in-chief given under oath. With the consent of the Tribunal and Mr. Dineen, Mr. Jeffery amended his original opinion of rateable valuation of the property concerned as set out below:

Cash & Carry			
(Low Headroom)	1,750 sq. metres	@ €30.07 per sq. metre	€2,622
Cash & Carry			
(High Headroom)	4,636 sq. metres	@ €4.17 per sq. metre	€158,412
Older Offices	2,525 sq. metres	@ €41.00 per sq. metre	€103,525
New Office Building	2,161 sq. metres	@ €64.38 per sq. metre	€139,125
Warehouses			
(Existing & New)	2,747 sq. metres	@ €34.17 per sq. metre	€93,864
Canopy	167 sq. metres	@ €6.83 per sq. metre	<u>€1,140</u>
Total			€48,688
Less 5% Quantum			<u>€27,434</u>
Net Annual Value			€21,254
Rateable Valuation @ 0.5%			€2,606

In support of his opinion of net annual value Mr. Jeffery introduced 8 comparisons details of which are set out in Appendix 2 attached to this judgement.

11. In his evidence Mr. Jeffery contended that Mr. Dineen, in arriving at his valuation of the property concerned, had not had regard to a number of matters affecting value which may be summarised as follows:

- a. That within the new office building there was a number of void areas which ought not to have been valued.
- b. That approximately 1,749 sq. metres of the cash and carry area had reduced headroom due to office accommodation overhead.
- c. That there was insufficient natural lighting in the cash and carry area of the building which was erected in 1973, thereby leading to additional lighting costs.
- d. That the low pitch of the warehouse and cash and carry roofs give rise to high yearly maintenance costs in order to eradicate local leakages.
- e. That there is a severe lack of loading, circulation and parking space at the rear which periodically gives rise to queuing by articulated trucks on the estate road.
- f. That there is an over-intensification of site coverage as a result of the ongoing development policy of the occupier.
- g. That the inadequate access and the layout of the various buildings would render the property incapable of either sub-letting or sub-division.
- h. That the original office accommodation in the cash and carry building is of such poor quality and specification that it should be considered incapable of beneficial occupation for such a use. Mr. Jeffery also pointed out that only 16.1% of the office space (being that section on the southern side of the cash and carry building) is capable of sub-letting.
- i. That the provision of the new office building has effectively rendered the original office building surplus to requirements and hence of no benefit to the occupier.
- j. That the property concerned is of such a size as would warrant a reduction for quantum. Furthermore, he is of the opinion that insufficient regard has been had to the unusually high office content within the property concerned relative to the space used for warehousing and cash and carry purposes.

Mr. Jeffery said that he had regard to all of the above items in arriving at his opinion of net annual value of the property concerned.

12. Under cross examination Mr. Jeffery agreed that the site coverage was approximately 38% and said that this contrasted with a norm of 25-30% for standard warehouse buildings in the Cork area. Mr. Jeffery was closely questioned in relation to his comparisons, but said that these were introduced merely to show prevailing levels of value for smaller buildings and that appropriate allowances had to be made to reflect the

size of the property concerned and the age and specification of the cash and carry and warehouse sections.

### The Respondent's Evidence

13. Prior to the oral hearing Mr. Dineen submitted to the Tribunal a précis and valuation which was adopted by him at the hearing as being his evidence-in-chief given under oath. With the consent of the Tribunal and Mr. Jeffery, Mr Dineen submitted a revised opinion of the net annual value of the property concerned as set out below on the basis of the areas that had been agreed.

Cash & Carry			
(Low Headroom)	1,750 sq. metres	@ €37.50 per sq. metre	€65,625
Cash & Carry			
(High Headroom)	4,636 sq. metres	@ €37.50 per sq. metre	€173,850
Older Offices	2,525 sq. metres	@ €47.83 per sq. metre	€120,770
New Offices	2,161 sq. metres	@ €88.34 per sq. metre	€147,682
Warehouses			
(Old & New)	2,747 sq. metres	@ €34.17 per sq. metre	€93,864
Canopy	167 sq. metres	@ €6.83 per sq. metre	€1,140
Car Spaces	100	@ €150	<u>€15,000</u>
Net Annual Value			€17,861
Rateable Valuation @ 0.53%			€3,089

14. In support of his opinion of net annual value Mr. Dineen submitted eight comparisons, details of which are set out in Appendix 3 attached to this judgement.

15. In his evidence Mr. Dineen said the property concerned was well located for the purpose for which it was being occupied and was well serviced by the local road network. It was, he said, the only cash and carry outlet in the Cork area and in reality the premises were akin to a supermarket in many respects and he also observed that the cash and carry section of the property was finished to a higher specification than the warehouse area and should be valued accordingly at a higher rate per square metre.

16. Mr. Dineen said that the original office accommodation was still in use and hence should be valued at the same level as the office accommodation in other warehouse buildings which he had put forward as being comparable. In regard to the claim for quantum allowance, Mr. Dineen said that it is not the practice to make such an allowance when valuing warehouses in the Cork area for rating purposes.

### **Findings**

The Tribunal has carefully considered all the evidence and arguments adduced and finds as follows:

1. The property concerned is an extensive premises used as a cash and carry operation and is, according to Mr. Dineen, the only such premises in the Cork area.
2. Under rating law the property has to be valued in its existing state and all relevant intrinsic and extrinsic factors that would have a bearing on its hypothetical rental value must be taken into account in arriving at an opinion of its net annual value.
3. The approach of the valuers in this appeal was very professional and each put forward their arguments and contentions in clear and cogent terms and their opinions of net annual value were based upon an agreed schedule of areas.
4. Each component of the property was valued on a gross external area basis and the rate per square metre reflects the design, specification and use of each element, including any area which would not perhaps be valued when using the net internal area basis.
5. Mr. Jeffery in his evidence listed a number of considerations to be taken into account when valuing the property concerned and which, in his opinion, were not given due regard by Mr. Dineen in arriving at his assessment of net annual value. Of all the issues put forward by Mr. Jeffery, the Tribunal is of the view that two are well founded and should be reflected in the valuation of the property concerned. Firstly, the area in the cash and carry section with the lower head room should be valued at a lower rate per square metre than the remainder of the cash and carry space. Secondly, there is now an over-provision of office accommodation in the property and the older offices, whilst still capable of beneficial use, are of a markedly inferior quality to the new office accommodation and should be valued accordingly.
6. The site coverage ratio is not unduly high and the layout of the buildings does not materially adversely affect the efficient operation of the facility. Presumably, this is something the occupier would have deliberated upon before building the new office

building. It is noted that there are two separate access points which facilitates the separation of customer and delivery vehicles. Such a facility must surely be of benefit to the operators of a cash and carry operation.

7. In his valuation, Mr. Dineen had attributed a separate value to the car parking spaces. Having regard to the scale and nature of the property concerned we consider it more appropriate that the availability of car parking be reflected in the appropriate rate per square metre applied to the various components of the property.

### **Determination**

Having regard to the foregoing and taking into account the details of all the comparisons placed before us the Tribunal determines the rateable valuation of the property concerned to be €2,880.00 calculated as set out below.

Cash and Carry Area			
(Low Headroom)	1,750 sq. metres	@ €30.70 per sq. metre	€2,623
Cash and Carry Area			
(High Headroom)	4,636 sq. metres	@ €36.00 per sq. metre	€166,896
Older Offices	2,525 sq. metres	@ €45 per sq. metre	€113,625
New Offices	2,161 sq. metres	@ €8.34 per sq. metre	€147,683
Warehouses			
(Old & New)	2,747 sq. metres	@ €34.17 per sq. metre	€93,865
Canopy	167sq. metres	@ €6.83 per sq. metre	<u>€1,141</u>
Total			€75,832
Net Annual Value	Say		€76,000
Rateable Valuation @ 0.5%			€2,880

And the Tribunal so determines.