

Appeal No. VA08/3/044

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

**Tifco Ltd.**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 2192412, Hotel at Lot No. 44A-1, Dublin Road, Marshes Upper, Dundalk, Dundalk UD, County Louth.

**B E F O R E**

**Maurice Ahern - Valuer**

**Deputy Chairperson**

**Mairéad Hughes - Hotelier**

**Member**

**Michael F. Lyng - Valuer**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 19TH DAY OF MARCH, 2009**

By Notice of Appeal dated the 24th day of September, 2008, the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €3,389.00 on the above-described relevant property.

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

"The valuation is excessive and inequitable."

This appeal proceeded by way of an oral hearing, which took place in the Tribunal Offices, Ormond House, Ormond Quay Upper, Dublin 7 on the 20<sup>th</sup> day of January, 2009. The appellant was represented by Ms. Dawn Holland-O'Donovan, BSc (Hons), MIAVI, of GVA Donal O Buachalla & Company Limited. Mr. Tom Devaney, General Manager of Tifco Ltd. gave evidence. The respondent was represented by Ms. Ciara Marron, MIAVI, BSc Property Valuation & Management, District Valuer in the Valuation Office.

### **Valuation History**

The valuation history is as follows:

- November, 2007: Valuation Certificate (Proposed) issued at RV €3,389.
- January, 2008: Valuation Certificate issued at €3,389.
- February, 2008: Appeal to Commissioner lodged.
- August, 2008: First Appeal outcome, Valuation Certificate issued. RV set at €3,389.
- September, 2008: Appeal lodged to the Tribunal.

### **Issue – Quantum**

Ms. Dawn Holland-O'Donovan confirmed to the Tribunal that no legal issues were being pursued.

### **The Property**

The subject property is a purpose built landmark hotel. It has fourteen storeys and has a four star rating. There are car spaces for approximately 250 cars. There are 129 guest bedrooms, 12 conference rooms, a restaurant, bar, function rooms and a small gym. On the thirteenth floor there is a restaurant with a seating capacity for 132 people. The property measures approximately 9,340.34 sq. metres. The floor areas are agreed.

### **Location**

The subject property is located approximately 1 mile from Dundalk Town Centre and just off the Dundalk inner relief road and the M1. The hotel is adjacent to the Dundalk Institute of Technology (D.I.T.) and the former PJ Carroll cigarettes factory. The hotel is approximately 40 minutes from both Dublin and Belfast airports.

**The Appellant's Case****Mr. Devaney's Evidence**

Ms. Holland-O'Donovan called Mr. Devaney, the General Manager of Tifco Ltd. as a witness. Mr. Devaney took the oath and told the Tribunal about the property and surrounding location. He focused mainly on local competitors, and on the current economic downturn in the area. He stressed the need to rely on local business (e.g. weddings, lunch, dinner) in the area in order to keep going.

Mr. Devaney stated that Dundalk was a developing region and the IDA had earmarked a major bio-pharmaceutical industry for the site adjacent to the subject property. Due to the economic climate, this has now been put on hold. Dundalk has a population of c. 29,000 people and future growth was expected to rise to 60,000 in order to gain city status.

There is no leisure centre in the hotel. However there is a small gym with 6/7 pieces of equipment located in the basement. The brand the hotel are currently associated with, Crowne Plaza, require an exercise area in the hotel.

When asked by Ms. Holland-O'Donovan which were the hotel's main competitors, Mr. Devaney named 1) Ballymascanlon House Hotel and 2) Fairways Hotel. The Ballymascanlon House Hotel is their main competitor, but the Fairways Hotel is a closer and more local hotel. The Fairways Hotel also has a large conference centre that can seat up to 1,000 people.

At present there is only 30% occupancy due to the oversupply of hotels in the Dundalk area and the current economic climate. The average rate for four star hotels has decreased by 30–35%. The average cost of a four star hotel room is €70–€72 per night. As part of the Crowne Plaza brand the subject hotel has to remain open all year round. The hotel opened for business in September, 2007.

**Ms. Holland-O'Donovan's Evidence**

Ms. Holland-O'Donovan took the oath and adopted her written précis, which had previously been received by the Tribunal, as being her evidence-in-chief. She informed the Tribunal that there is parking to the rear of the car-park which does not belong to the hotel, although it is being used by patrons of the hotel. There is nothing wholly comparable in the Dundalk urban area.

Ms. Holland-O'Donovan referred to the 3 hotels nearest the subject property as follows:

- **The Imperial Hotel**, Dundalk - a two star hotel. This hotel relies mainly on bar and lunch trade. The main comparisons to the subject property are outside the urban area as stated by Mr. Devaney. All comparables vie for the same type of business.
- **The Derryhale Hotel** - This hotel has not traded for a number of years.
- **Brookhills Inn Ltd. (The Clanbrassil)** - This hotel has not traded for a number of years.

Ms. Holland-O'Donovan presented her comparison properties as follows:

1. **The Fairways Hotel**, Old Dublin Road, Dundalk, Co. Louth - It is a three star hotel and is located close to the subject hotel. The conference centre is substantial. The hotel has good parking facilities. This hotel measures 9,951 sq. metres and is valued at a rate of €37.06 per sq. metre. There is a reduction of 15% for an unused nightclub, which then gives a net annual value of €313,466 and a RV of €1,565.
2. **Ballymascanlon House Hotel**, Dundalk, Co. Louth - This hotel is an old Victorian house with a modern extension. It is a four star hotel with full facilities including a golf course, health club and it is set on c. 130 acres of parkland. There is a function room and 6 meeting rooms. This property also has a large wedding trade. It measures 7,776.95 sq. metres and is valued at a rate of €40.71 per sq. metre, which gives a current NAV of €316,550 and an RV of €1,583. Ms. Holland-O'Donovan stated that the Ballymascanlon House Hotel is the best comparison to the subject property.

Ms. Holland-O'Donovan contended for a valuation of €2,524 on the subject property as follows:

Hotel	9,340.26 sq. metres @€41.00 per sq. metre	= €382,950.66
Basement 1	927.82 sq. metres @€17.08 per sq. metre	= €15,847.16
Basement 2	139.19 sq. metres @€13.67 per sq. metre	= <u>€1,902.72</u>
		€400,700
RV @ 0.63%	RV €2,524	

### **Cross Examination**

Under cross examination by Ms. Ciara Marron, Ms. Holland-O'Donovan agreed that the Imperial Hotel was last valued pre 1988 making it an invalid comparison.

Ms. Marron also raised the subject of the method and dates of previous valuations of the Ballymascanlon House Hotel. When the current levels were set on the hotel in 2006 it was a three star hotel. Subsequently, the hotel gained a four star status. The extension was the only part valued while under the four star rating. Ms. Marron referred to pages 12 and 13 of her précis regarding the rateable value of the Ballymascanlon House Hotel.

During cross examination, Ms. Holland-O'Donovan informed Ms. Marron that there are two urban town councils in Louth. The other urban town is Drogheda, in which the d hotel is located. Both Ms. Holland-O'Donovan and Ms. Marron are familiar with the d hotel, which is a four star purpose built hotel also located in an urban area. Ms. Holland-O'Donovan claimed that the d hotel and the subject property have a different client base. The d hotel is a bedroom hotel, with no conference or wedding trade, unlike the subject property. Ms. Holland-O'Donovan did agree with Ms. Marron that both properties were purpose built, four star hotels in urban areas.

### **The Respondent's Case**

Ms. Ciara Marron, having taken the oath, adopted her written précis as being her evidence-in-chief. She outlined the location and surrounding features of the subject property. The property is located in an urban area, quite close to the motorway, beside the D.I.T and an industrial estate. It is also a landmark building, which can be seen from long distances.

Ms. Marron agreed with Ms. Holland-O'Donovan that was no comparable evidence in Dundalk Town. The Imperial was last valued in 1974, is located in the town centre and has restricted parking. It is a two star hotel and has no wedding trade. The property measures 3,975 sq. metres and was last valued on a pence per sq. metre basis.

Ms. Marron's comparison properties are as follows:

1. **The d hotel**, Scotch Hall, South Quay Street, Drogheda is Ms. Marron's main comparison. It is a purpose built, four star, six storey hotel. It is a listed building and this has restricted the developer in relation to further extension. There is a small

conference area and a function room which can cater for only 80 people, due to the above restrictions. The d hotel was built as a part of the Scotch Hall development which also consists of a shopping centre and a block of apartments. Ms. Marron stated that the d hotel is situated on the Quayside, which is a restricted site and is not really visible from any road. There is limited access and parking for up to 50 cars. It is located in a cul-de-sac and there is no leisure centre on site. Ms. Marron claimed that the d hotel while inferior to the subject property and with restrictions, was wholly comparable.

2. **Ballymascanlon House Hotel**, Ballymascanlon, Dundalk, Co. Louth - Ms. Marron stated that this was valued as a three star hotel but it currently has a four star rating. It is a well established hotel located 3 miles from Dundalk Town, in the Louth County Council area. Most of its business comes from weddings. Road access to the hotel is difficult unless you know the exact location
3. **Dundalk Leisure Ltd. trading as The Fairways Hotel** located at Haggardstown, Dundalk was valued a number of years ago. It is a three star hotel with conference centres built to one side. It is located on the Old Dublin Road and has no passing trade. There are no leisure facilities, poor parking, poor visibility and a restricted site. The hotel was first established in the 1960's. It was extended on a piecemeal basis in 1990 and again in 2000. It is within 5 minutes drive of the subject property.

Ms. Marron contended for an RV of €3,389 on the subject property as follows:

-2 Basement	139.19 sq. metres @ €13.67 per sq. metre	= €1,902.74
-1 Basement	927.82 sq. metres @ €27.32 per sq. metre	= €25,348.04
Ground Floor	2,119.27 sq. metres @ €54.67 per sq. metre	= €115,860.49
1st Floor	1,298.99 sq. metres @ €54.67 per sq. metre	= €71,015.78
2 <sup>nd</sup> – 13 <sup>th</sup> Floor	5,922.07 sq. metres @ €54.67 per sq. metre	= <u>€323,759.56</u>
		€537,886.61

RV @ 0.63% = €3,388.69

RV Say €3,389

### Cross Examination

Under cross examination by Ms. Holland-O'Donovan, Ms. Marron clarified that the subject property is 2.5km from Dundalk Town Centre and the Imperial Hotel. It is located in an

urban area and is 5 minutes drive from the main retail area. It is situated on a relief road on which a higher volume of traffic passes than through the town centre. It was suggested by Ms. Marron that it is located on a landmark site, which is beside D.I.T., a wind turbine, PJ Carroll and a large industrial estate. The subject property was built on the expectation of a large pharmaceutical company locating beside the hotel. Ms. Holland-O'Donovan contended that the subject property does not receive much trade from the neighbouring D.I.T. as they have their own conference facilities. Ms. Marron said she was not in a position to agree or disagree with this. When questioned by Ms. Holland-O'Donovan about PJ Carroll being an eyesore and lowering the value of the subject property, Ms. Marron informed the Tribunal that the PJ Carroll site has been acquired by D.I.T. and is currently under reconstruction.

In relation to Ms. Marron's first comparison, the d hotel, Ms. Holland-O'Donovan said that its location as part of the Scotch Hall development was an advantage. She said visibility from the main road was an added attraction to the hotel. Ms. Marron disagreed with this view as the d hotel is not detached, has restrictions due to its town centre location and the redevelopment beside it which is a hindrance. The valuers disagreed on the visibility of the hotel and the advantages or otherwise of its attachment to the Scotch Hall development.

Ms. Holland-O'Donovan stated that the d hotel, like the subject, has no leisure centre, and that the Ballymascanlon House Hotel was valued in 2002 as a three star hotel and again in 2008 as a four star hotel, but the rate per square metre remained the same. Ms. Marron was the valuer on both occasions. Ms. Marron said she believed that the level on the entire hotel should increase due to a 350 sq. metre extension that was constructed in 2008. The rate was agreed upon appeal and set on that date. Ms. Marron said that if the entire hotel had been valued as a four star from the beginning, a higher level would have applied.

Ms. Holland-O'Donovan said that Ms. Marron's third comparison, the Fairways Hotel, was valued lower than the subject property although is in a better location. Ms. Marron disagreed that the hotels were similar as the Fairways was not purpose built. The main body of the Fairways is an old house located on the site since the 1960's. The extensions are purpose built but the main body was not. The valuers did agree that it is a long established hotel.

### **Ms. Holland-O'Donovan's Summary**

- The Ballymascanlon House Hotel is the best comparison, as also stated by Mr. Devaney, is quite close to the subject property and competes with the subject property on a daily basis.
- The subject property and the d hotel have a different market and don't compete. The d hotel is a town centre hotel with the advantages and disadvantages of same, although town centre traffic is not a disadvantage to the d hotel, but is a fact of life.
- The subject hotel is 2.5km outside the main retail centre and is not really an urban hotel – it is on the urban/rural boundary.
- The subject hotel has to trade and open all year round due to its contract with the Crowne Plaza brand.
- Construction of the hotel was based on great plans for Dundalk but due to changes in the economic climate, these have not been realised.
- At Christmas 2008 there was a €100,000 downturn in the restaurant business on the year before, there was a downturn in the room rates, bar food and lounge trade, and in the ground floor restaurant as a new café opened in the adjoining retail park.
- The subject property does not get any business from the D.I.T.
- The subject property has little or no conference trade as local businesses are economising.
- The d hotel is a bedroom hotel with higher profit margins, and they do not have any conference trade.
- Ballymascanlon House Hotel is the main comparison and competitor leading Ms. Holland-O'Donovan to believe that the subject hotel should be valued on the same rate per square metre.

### **Ms. Marron's Summary**

- The subject property is the only four star hotel in Dundalk and the only purpose built hotel in the area.
- It can be seen from the road and railway and is finished to a high standard throughout.
- It is a landmark building and easily accessible, located 2km from Dundalk town centre.
- It occupies a unique position next to D.I.T. and an industrial estate with a large car park with spaces for 250 cars.
- There are no suitable comparisons in the urban area, and the most suitable comparison is the d hotel which is also a purpose built four star hotel in an urban area.



- The d hotel has a number of disadvantages including:
  - 1) Poor visibility.
  - 2) Poor access off Quay Side.
  - 3) No leisure centre.
  - 4) Restricted site.
  - 5) Limited function room.
  - 6) Poor car parking.
  - 7) 5 Bedrooms currently being used as meeting rooms and one as a gym.

A thorough analysis of hotels in Louth County Council & Urban Areas was undertaken at revision stage and it is the opinion of the Revision Officer that the subject property is the best hotel in the county. Ms. Marron contends her valuation reflects that.

### **Findings & Determination**

The Tribunal has carefully considered all of the oral and written evidence adduced by the parties and arguments advanced at the hearing and makes the following findings:

1. The Valuation Act, 2001 which came into effect on the 2<sup>nd</sup> of May, 2002, set down the principles for valuing properties for rating purposes and the procedures for revision and appeal of valuations. Section 49(1) sets down the basis for valuing properties at revision stage and dictates that values should be determined by reference to comparable properties in the same rating area.
2. In the absence of any definition in the Act as to what is comparable the word must be given its normal meaning and means equivalence, likeness or sameness. That being the case, comparable must be interpreted as being similar in use, location and nature of construction or any other factor which will have bearing on value.
3. The Tribunal notes the location of the subject property and finds that while there are a number of hotels in the same local authority area, they are not comparable to the subject in terms of age, finish or use.
4. Six comparisons in total were listed by the parties. The Imperial Hotel was valued pre 1988 and is therefore an invalid comparison. The Derryhale Hotel and Brookhills Inn Ltd. have not traded as hotels for a number of years and are therefore not comparable to the subject. The remaining 3 comparisons are all located outside the subject rating authority

area. In the circumstances the Tribunal has had to have regard, under section 49(2), to these latter comparisons.

5. Of these, the Tribunal finds that the common comparison, the Ballymascanlon House Hotel, is the most helpful comparison when allowance is made for the fact that it is older than the subject and was developed in a piecemeal fashion. It is a four star hotel in close proximity to the subject and is, according to the appellant's evidence, its primary competitor for a similar market. It has the advantage of being a long established hotel.
6. The d hotel, the respondent's main comparison, while similar in many respects to the subject property, is located approximately 35km away in a town centre location.

In the light of these findings the Tribunal determines the net annual value and the rateable value of the subject to be as follows:

Hotel	9,340.26 sq. metres @ €50.00 per. sq. metre = €467,013.00
Basement -1	927.82 sq. metres @ €22.00 per. sq. metre = €20,412.04
Basement -2	139.19 sq. metres @ €13.67 per. sq. metre = <u>€1,902.72</u>
	€489,327.77
RV @ 0.63%	= €3,082.76
Say	€3,080

And the Tribunal so determines.