

Appeal No. VA09/1/006

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

William Neville & Sons Construction Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 527348, Hotel, Land at Lot No. 10-13, Gresham Terrace, Dunleary, Dun Laoghaire East Central, Dun Laoghaire, County Dublin.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Brian Larkin - Barrister

Member

Joseph Murray - B.L.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 1ST DAY OF JULY, 2009

By Notice of Appeal dated the 4th day of February, 2009 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €6,230.00 on the above described relevant property.

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

"On the basis that the RV as assessed is excessive, inequitable & not in keeping with the established tone. The basement area is not as valuable as suggested by the Commissioner also the car park is not a commercial enterprise and should not be assessed as such."

1. This appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 28th day of April, 2009. At the hearing the appellant was represented by Mr. Eamonn Halpin, BSc, (Surveying), MRICS, MIAVI, of Eamonn Halpin and Company Ltd. Mr. David Molony, BSc, MRICS, a District Valuer in the Valuation Office, appeared on behalf of the respondent, the Commissioner of Valuation.

The Property Concerned

2. The property concerned in this appeal is the long established Royal Marine Hotel in Dun Laoghaire which occupies a prominent town centre location between the harbour and George's Street Upper. The local Dart and rail station is close by. The Royal Marine Hotel in its present form dates from 1865 and was extended in or around 1989 and further extended in 2008. The hotel which has a 4 star classification provides the following accommodation:
 - 228 bedrooms
 - Function room for 550 persons seated or 800 in theatre style
 - 9 meeting rooms ranging in capacity from 12 to 50 persons
 - Restaurant with a capacity for 95 persons
 - Bar and Lounge areas
 - Kitchen and staff accommodation
 - Spa and full leisure area with swimming pool at basement level
 - Miscellaneous stores and service areas at basement level
 - 220 car parking spaces at two levels underground
3. It is common case that the hotel affords excellent accommodation and at the time of the 2008 extension the then existing buildings and accommodation were refurbished and upgraded to a high standard.
4. The agreed area of the hotel measured on a gross external area basis is now as follows:

Existing hotel:	7,650 square metres
Basement stores:	1,632 square metres
<u>2008 Extension</u>	
Hotel (to include Spa and Leisure area):	10,452 square metres

Rating History

5. The subject property was listed as part of the 1990/3 revision and was subject to an appeal to this Tribunal, **VA90/3/032 – Royal Marine Hotel, Dun Laoghaire** at which stage the net annual value of the property was determined at £300,000 (€380,921) and a rateable valuation of £1,900 (€2,412.50). On the 22nd of April, 2008 the Revision Officer pursuant to Section 28 of the Valuation Act, 2001 issued a valuation certificate to the effect that the rateable valuation of the property concerned had been determined at €2,150 which figure was reduced to €6,230 following an appeal under Section 30 of the Act. The appellant being dissatisfied with the decision of the Commissioner of Valuation in this regard lodged an appeal to this Tribunal under Section 34 of the Act.

The Appellant's Evidence

6. Mr. Halpin having taken the oath adopted his précis of evidence which had previously been received by the Tribunal and the respondent as being his evidence-in-chief.
7. In his evidence Mr. Halpin contended for a rateable valuation of €4,675 calculated as set out below:

Hotel (old) 7,650 sq. metres	Hotel (new) 8,910 sq. metres	
Total:	16,560 sq. metres @ €41.00 per sq. metre	= €678,960
Basement leisure area:	1,473 sq. metres @ €27.34 per sq. metre	= €40,272
Basement Stores, etc. (poor basic finish, no natural light & damp)	1,703 sq. metres @ €13.67 per sq. metre	= <u>€ 23,280</u>
NAV		= €742,512
Rateable Valuation @ 0.63%		= €4,677.82
Say		€4,675

NB The above areas exclude the basement car park and the rate per square metre applied to the various elements of the hotel reflect the benefit of the car parking at basement level.

8. Mr. Halpin also introduced an alternative valuation but said that his preferred method of valuation was that set out above. Mr. Halpin's alternative valuation is as follows:

“Existing Net Annual Value			€382,936
Add new hotel areas			
Hotel:	8,910 sq. metres	@ €38 per sq. metre	= €338,580
Basement Leisure Area:	1,626 sq. metres	@ €25 per sq. metre	= € 40,650
Net Annual Value:			€762,166
Rateable Valuation @ 0.63%	= €4,801.64		
Say	€4,800”		

Once again the areas exclude the basement car park and the rate per square metre applied reflects the benefit of the car park.

9. In support of his opinion of net annual value Mr. Halpin relied firstly upon the 1990/3 valuation of the property concerned as determined by this Tribunal which he analysed as follows:

Hotel:	7,650 sq. metres	@ €46 per sq. metre	= €351,900
Basement Stores:	1,632 sq. metres	@ €13.67 per sq. metre	= € 22,310
Net Annual Value:			= €374,210

The above figure is slightly less than that determined by the Tribunal, that is €300,000 i.e. €380,921 and reflects the benefit of 150 surface car parking spaces designated to hotel use at that time.

10. Mr. Halpin’s second comparison was the Fitzpatrick Castle Hotel in Dalkey whose valuation was agreed on appeal in 1999 on the following basis:

“Refurbished Hotel:	14,068 sq. metres	@ €38.95 per sq. metre	= €547,949
Ancillary Space:	17 sq. metres	@ €20.50 per sq. metre	= € 348
Net Annual Value Say			€549,206
Rateable Valuation at 0.3%	= €3,460”		

11. Mr. Halpin said that in the past the Fitzpatrick Castle Hotel was always considered to be a prime comparison when valuing the Royal Marine Hotel (see **VA90/3/032 – Royal Marine Hotel Dun Laoghaire** and **VA93/3/039 – Fitzpatrick Killiney Castle Hotel**). It was, he

said, traditionally held that the Royal Marine Hotel occupied the better trading location sufficient to warrant a 10% uplift in the rate per square metre to be applied to the hotel on an overall basis to reflect the benefit of the car parking.

12. In regard to the spa and leisure areas Mr. Halpin pointed out that these were located below ground level and did not benefit from natural lighting. This, he said, was an adverse factor that should be borne in mind when valuing this part of the property concerned.
13. In his evidence Mr. Halpin referred to Mr. Molony's valuation and pointed out that the rate per square metre attributed to the new extension (i.e. €8 per square metre) represented an uplift of circa 30% over and above the rate per square metre applied to the existing space. In his experience in similar situations the typical uplift applied by the Valuation Office was 10%. In regard to Mr. Molony's comparisons Mr. Halpin was of the view that these were not particularly relevant in that they were, generally speaking, located close to Dublin city centre and hence their valuations were influenced to a significant degree by the prevailing tone of the list in the Dublin City rating authority area for similar type hotels. Mr. Halpin also referred to the absence of any reference to the Fitzpatrick Castle hotel in Mr. Molony's précis, notwithstanding the fact that Mr. Molony had referred to it in his report when first valuing the property concerned at revision stage.
14. Under examination Mr. Halpin agreed that as part of the most recent works the existing elements of the hotel premises had been refurbished and upgraded to the same standard as the new extension. He also agreed that the hotel now provided an excellent standard of accommodation, finish and facilities throughout including the spa and leisure areas at basement level.

The Respondent's Evidence

15. Mr. Molony having taken the oath adopted his précis and valuation which had previously been received by the Tribunal and the appellant as being his evidence-in-chief.
16. In his evidence Mr. Molony contended for a rateable valuation of €6,230 calculated as set out below:

“Hotel Extension: 10,452 sq. metres	@ €8 per sq. metre	= €602,216
NAV @ 0.63%		Say = €3,820.00
Add original valuation of existing premises as determined by the Valuation Tribunal		
		= <u>€2,412.50</u>
Total Rateable Valuation	Say	€6,230.00”

17. In support of his valuation Mr. Molony introduced 6 comparisons, details of which are set out in Appendix 1 attached to this judgment.

18. In his evidence Mr. Molony said that the property concerned was in pristine condition throughout and afforded excellent standards of accommodation and facilities. Mr. Molony said that in arriving at his estimate of net annual value he had regard to the existing rateable valuation of £1,900 (€2,412.50) as determined by the Valuation Tribunal which he analysed as €46.88 per sq. metre in regard to the hotel and €13.67 per sq. metre in regard to the basement storage area. Mr. Molony said that in his opinion the extension which includes the spa and leisure areas at basement level was superior to the existing now refurbished structure and hence should be valued at a level considerably in excess of €46.88 per sq. metre. Mr. Molony said that the hotel now had 220 car parking spaces at basement level as against 150 at surface level hitherto.

19. Under examination Mr. Molony conceded that the Fitzpatrick Castle Hotel was a relevant comparison and acknowledged that on reflection he should have included it in his comparisons. The decision not to do so, he said, was not deliberate but more in the nature of an oversight. When asked to explain his decision to value the new accommodation at €8 per sq. metre Mr. Molony said he had regard to the higher specification and finish of the new extension and the fact that it was more efficient in use.

Findings

The Tribunal has carefully considered all the evidence both written and oral proffered by the witnesses and the arguments proffered in support of their respective opinions of net annual value and finds as follows:

1. Section 49 of the Valuation Act, 2001 sets down that the valuation of a property which is the subject of revision shall be determined “*by reference to the values, as appearing on*

the valuation list relating to the same rating authority area as that property is situated in, of other properties comparable to that property.”

2. Having regard to Section 49 the Tribunal has come to the conclusion that the most relevant comparison is the Fitzpatrick Castle Hotel in Dalkey and that regard should also be had to the valuation of the property concerned as determined by the Valuation Tribunal arising out of the 1990 revision. The other comparisons submitted by Mr. Molony are of assistance in that they are on the Valuation List, but in the Tribunal’s opinion are of lesser weight due to a number of considerations including size, location and specification.
3. It is common case that the property concerned has been extended and refurbished to a high standard throughout, including the spa and leisure areas at basement level. In the circumstances the Tribunal does not accept Mr. Halpin’s submission that this section of the premises should be valued at a lower rate per square metre than the rest of the hotel premises.
4. On balance the Tribunal prefers Mr. Molony’s valuation approach, whereby the net annual value of the extension be subsumed into the existing valuation of the property concerned.

Having regard to the above and taking into account the scale, specification and nature of the new accommodation the Tribunal is of the opinion that the extension should be valued at a higher rate per square metre than that attributed to the existing structures. That said however the Tribunal considers that an uplift of circa 24% as proposed by Mr. Molony is unsustainable and has come to the conclusion that an uplift in the region of 10% is more appropriate. In arriving at this conclusion we had regard to Mr. Halpin’s unchallenged assertion that such a number is in line with general Valuation Office practice.

Determination

Existing NAV - VA90/2/032 (£300,000)	€380,921
Extension: 10,452 sq. metres @ €50 per sq. metre	<u>€522,600</u>
(To include spa and leisure area at basement level)	€903,521
NAV Say	€900,000
RV @ 0.63%	€5,670

And the Tribunal so determines.