

Appeal No. VA08/5/004

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

Heiton Buckley Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 401173, Warehouse at Naas Road, Clondalkin, County Dublin

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Brian Larkin - Barrister

Member

Patrick Riney - FSCS.FIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 28TH DAY OF OCTOBER, 2008

By Notice of Appeal dated the 11th day of June, 2008, the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €1,915,000 on the above described relevant property.

The Grounds of Appeal are set out in a letter enclosed with the Notice of Appeal, a copy of which is attached at Appendix 1 to this judgment.

1. At the mutual request of the parties, the oral hearing in relation to this appeal was held contemporaneously with that in relation to appeal reference **VA08/5/003**. The said oral hearing was held in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 29th day of July, 2008.
2. At the oral hearing the appellant was represented by Mr. Thomas Davenport, ASCS, MRICS, Chartered Surveyor, of Lisney Estate Agents, Auctioneers and Surveyors. Ms. Claire Callan, BSc, a District Valuer in the Valuation Office, appeared on behalf of the respondent, the Commissioner of Valuation. Mr. Seamus Connolly, Managing Valuer, Revaluation Unit, Valuation Office, was also in attendance.

Property Concerned

3. The property concerned in this appeal is an extensive builders providers premises located on the southern side of the Naas Road in that section between the M50 intersection and Newlands Cross. The Naas Road and its environs is a long established light industrial/warehouse location but in recent times the character of the area has changed somewhat due to the development of a number of hotels and office parks in the general vicinity.
4. The property, formally the An Post parcel sorting premises, occupies an irregularly shaped site of approximately 5.5 hectares which is set back a considerable distance from the Naas Road and is accessed by a shared service roadway. The original buildings date from the early 1980's and two additional warehouse buildings were added in 2000. The complex now provides extensive warehouse space, showroom, office accommodation, miscellaneous stores and a security hut, together with large surface storage areas with a part concrete and part hardcore top.
5. The warehouse buildings have eaves height in excess of 8 metres and while they may not have been well maintained it would appear that they are nonetheless in good overall general repair commensurate with their age, design, specification and use.

Accommodation

6. Immediately before the oral hearing the witnesses agreed a common schedule of areas measured on a gross external area basis as follows:

Offices	2,722.99 sq. metres
Warehouses (3)	15,282.19 sq. metres
Showroom	333.19 sq. metres
Mezzanine Store	600 sq. metres
Canopy	1,077 sq. metres
Misc. Stores	555 sq. metres
Yard (concrete)	9,403 sq. metres
Yard (hardcore)	4,400 sq. metres

Tenure

7. The property is held under a freehold title.

Rating History

8. On 18th September, 2007 the Valuation Office issued a valuation certificate to the effect that it proposed to value the property concerned at a rateable valuation of €1,915,000.00. Following unsuccessful representations by the appellant a valuation certificate was issued on 12th December, 2007 confirming the rateable valuation of €1,915,000.00. In due course an appeal was made to the Commissioner of Valuation in accordance with Section 30 of the Valuation Act, 2001. No change was made on foot of this appeal and it is against this decision by the Commissioner of Valuation that the appeal to the Tribunal lies.

Appellant's Evidence

9. Mr. Davenport having taken the oath adopted his précis of evidence and valuation which had previously been received by the Tribunal and the respondent as being his evidence-in-chief.
10. In his evidence Mr. Davenport contended for a rateable valuation of €1,470,000.00 calculated as follows:

Offices	2,722.99 sq. metres	@ €70.00 per sq. metre = €190,609.00
Warehouses (3)	15,282.19 sq. metres	@ €70.00 per sq. metre = €1,069,753.00
Showrooms	333 sq. metres	@ €70.00 per sq. metre = €23,310.00
Mezzanine Stores	600 sq. metres	@ €18.00 per sq. metre = €10,800.00

Canopies*	1,000 sq. metres	@ €15.00 per sq. metre = €15,000.00
Miscellaneous Stores*	557 sq. metres	@ €30.00 per sq. metre = €16,710.00
Yard (Concrete)	9,403 sq. metres	@ €12.00 per sq. metre = €112,836.00
Yard (Hardcore)	4,400 sq. metres	@ €8.00 per sq. metre = €35,200.00

Rateable Plant

Weighbridge (agreed)	€2,500.00
Tanks 44,000 litres (agreed)	€1,500.00
Motive Power 301kw (agreed)	<u>€900.00</u>
Total	€1,479,118.00

Notes

1. The areas marked with asterisks are slightly at variance with those as agreed.
2. As a consequence of agreeing the schedule of areas, the valuation contended for is slightly higher than that contained in the original précis.

11. In support of his opinion of net annual value Mr. Davenport introduced six comparisons, details of which are contained in Appendix 2 attached to this judgment.

12. In his evidence Mr. Davenport said that in arriving at his opinion of net annual value he had had regard to a number of factors which a hypothetical tenant in the market would take into account:

- The fact that the property has no profile on to the Naas Road and is accessed only by means of a shared service road.
- That the buildings have not been well maintained and have been constructed to a basic standard of construction and specification.
- That by today's standard the buildings are functionally and physically obsolete.
- That by virtue of the configuration of the site the surface storage areas are located piecemeal throughout the site, which results in poor circulation and accessibility to and around the various warehouse buildings.
- That the scale and nature of the property is such as to give rise to a limited demand which would adversely affect its rental value.

- The scale and nature of the complex gives rise to substantial ongoing maintenance costs.

13. In evidence Mr. Davenport said that in his opinion the general levels of value applied to warehouses and light industrial buildings in the Naas Road area by the Valuation Office in the revaluation programme were fair and not unreasonable.

14. Nonetheless in regard to the property concerned, he considered insufficient allowance had been made for the scale of the buildings, the lack of profile, the quality and specification of the various buildings and their overall state of repair. His opinion of value was formed by an examination of the comparisons introduced by him and Ms. Callan. In all instances, he said, these comparisons were of superior and more modern specification, were better maintained and occupied high profile locations.

15. Under examination Mr. Davenport accepted that the Airmotive premises [his comparison No. 1] was located 3 miles west of the property concerned and somewhat remote from the major industrial estates in the Naas Road area.

Respondent's Evidence

16. Ms. Clare Callan having taken the oath adopted her précis of evidence and valuation which had previously been received by the Tribunal and the appellant as being her evidence-in-chief.

17. In her evidence Ms. Callan contented for a rateable valuation of €1,866,580 calculated as set out below:

Offices:	2,722.99 sq. metres	@ €90.00 per sq. metre	= €245,069.00
Warehouses (3)	15,282.19 sq. metres	@ €90.00 per sq. metre	= €1,375,380.00
Showroom	333.19 sq. metre	@ €90.00 per sq. metre	= €29,987.00
Mezzanine	600 sq. metres	@ €18.00 per sq. metre	= €10,800.00
Stores	452.20 sq. metres	@ €30.00 per sq. metre	= €13,566.00
Canopy	1,077 sq. metres	@ €20.00 per sq. metre	= €21,540.00
Yard (concrete)	9,403 sq. metres	@ €13.00 per sq. metre	= €122,239.00
Yard (hardcore)	4,400 sq. metres	@ €10.00 per. sq. metre	= €44,000.00

Weighbridge (2)	@ €1,250.00	= €2,500.00
Power		= €900.00
Tanks		= <u>€1,500.00</u>
Total		€1,866,581.00
Net annual value say: €1,866,580.00		

18. The above figure is slightly below that currently appearing in the valuation list as a result of the agreement between the parties in relation to the schedule of areas.

19. Ms. Callan in her evidence said that in arriving at her opinion of net annual value of the property concerned she had regard to the extensive analysis of rental evidence of warehouses in the South Dublin functional area carried out by the Valuation Office in preparation for the revaluation programme. When it came to valuing the subject property she had also taken into account all the valuation considerations mentioned by Mr. Davenport in his evidence to the Tribunal.

20. Under cross examination Ms. Callan said she considered the Bailey premises (her comparison No. 1) to be the most helpful in that it was of similar size and age to the subject property. The buildings at this property, she said, had better specification than the property concerned and this was reflected by the rate per sq. metre i.e. €95.00 per sq. metre, as against €90.00 per sq. metre applied to the buildings in the subject premises. With regard to her other comparisons they were all valued at a similar level to the Bailey buildings but with some modifications to reflect differences in location, specification, ease of access and eaves height. Details of Ms. Callan's comparisons are at Appendix 3 hereto.

Findings

The Tribunal has carefully considered all the evidence and arguments adduced at the hearing including all the comparison evidence and makes the following findings:

1. The statutory basis of valuation is set down in Section 48 of the Valuation Act, 2001 wherein at subsection 3 the net annual value of a property is defined as being "*the rent for which, one year with another, the property might, in its actual state, be reasonably expected to let from year to year, on the assumption that the probable average annual*

cost of repairs, insurance and other expenses (if any) that would be necessary to maintain the property in that state, and all rates and other taxes and charges (if any) payable by or under any enactment in respect of the property, are borne by the tenant.”

2. In the rating appeal process the onus of showing that the valuation of the property concerned appearing in the valuation list is incorrect lies with the appellant.
3. Mr Davenport in his evidence acknowledged that in general the levels of value established by the Valuation Office as a result of their analysis of rental values in the South Dublin area for light industrial warehouse buildings were fair and not unreasonable.
4. All the comparisons introduced by both parties with the exception of the Airmotive facility and the Tesco premises are located within the general Naas Road area which would be considered the better location. Neither of these comparables are of much assistance by virtue of their size, (23,000 sq. metres and 24,400 sq. metres respectively) location and other material factors.
5. The Tribunal accepts Mr. Davenport’s argument that the subject property is inferior to the remaining comparisons by virtue of its location, lack of profile and the design and specification of the principal buildings. Indeed Ms. Callan accepted this to be the case by applying a rate of €90.00 per sq. metre as against the standard rate of €95.00 per sq. metre for buildings of this type in the vicinity of the Naas Road area.
6. Having carefully examined the details of the comparisons the Tribunal has come to the conclusion that there is some merit in Mr. Davenport’s argument that the respondent had not fully taken into account the inherent disadvantages of the property concerned. That said, however, the Tribunal cannot find any evidence to support the level of reduction sought by Mr. Davenport.
7. The above findings should be read in conjunction with the findings in appeal reference **VA08/5/003 – Heiton Buckley Ltd. v Commissioner of Valuation** which was held on the same day.

Determination

Having regard to the foregoing the Tribunal determines the rateable valuation of the property concerned to be €1,775,000 calculated as set out below.

Offices	2,722.99 sq. metres	@ €85.00	=	€231,454.00
Warehouses (3)	15,282.19 sq. metres	@ €85.00	=	€1,298,986.00

Showroom	333.19 sq. metres	@ €85.00	=	€28,321.00
Mezzanine	600 sq. metres	@ €18.00	=	€10,800.00
Stores	452.20 sq. metres	@ €30.00	=	€13,566.00
Canopy	1,077 sq. metres	@ €20.00	=	€21,540.00
Yard (concrete)	9,403 sq. metres	@ €13.00	=	€122,239.00
Yard (hardcore)	4,400 sq. metres	@ €10.00	=	€44,000.00
Weighbridge (2)		@ €1250	=	€2,500.00
Power		@ €900	=	€900.00
Tanks		@ €1500	=	<u>€1,500.00</u>
Total				€1,775,806.00

Net annual value say: €1,775,000.00

And the Tribunal so determines.