

Appeal No. VA11/1/030 & 031

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

**Zocalo Imports Limited &
Conran & Co. Limited**

APPELLANTS

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2113403, Warehouse/Warerooms, Office(s) at Lot No. 6Ja, Rathinure Upper, Killaan, Enniscorthy, County Wexford and RE: Property No. 2209236, Warehouse/Warerooms at Lot No. 6Jb, Rathinure Upper, Killaan, Enniscorthy, County Wexford.

B E F O R E

John F Kerr - BBS, FSCSI, FRICS, ACI Arb

Deputy Chairperson

Mairead Hughes - Hotelier

Member

Damian Wallace - QFA, Grad Dip

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 16TH DAY OF SEPTEMBER, 2011

By Notices of Appeal dated the 25th day of March, 2011 the respective appellants appealed against the determinations of the Commissioner of Valuation in fixing rateable valuations of €355 and €45 respectively on the above described relevant properties.

The grounds of appeal are set out in the Notices of Appeal, copies of which are attached at Appendix 1 to this Judgment.

With the consent of the parties, the oral hearings in relation to these appeals were held contemporaneously in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 27th day of May, 2011.

At the hearing the appellant was represented by Mr. Eamonn Halpin BSc (Surveying), ASCS, MRICS, MIAVI and Ms. Orla Lambe, BSc (Surveying), MIAVI, a Valuer in the Valuation Office, represented the respondent, the Commissioner of Valuation.

The Issue

The issue between the parties is quantum, the appellant maintaining that the estimated NAVs are excessive.

Valuation History

The single property originally comprising the subject properties in these appeals was valued in 1999 for the first time and a valuation was agreed at €177.76.

In 2007 the property was again revised after an extension was added and a valuation of €400 was agreed with the appellant.

In 2009, a Revision Application was made to the Commissioner of Valuation and a 'No Material Change of Circumstances' notice issued to the appellant.

In 2010, following a sub-division of the original premises into two separate units, a further request for a revision was made to the Commissioner of Valuation on the grounds that the valuation was excessive. Again, a 'No Material Change of Circumstances' notice issued to the appellant.

This decision was appealed to the Commissioner of Valuation in August 2010 and, following correspondence from the Appeal Officer (and a response by the occupier including a request to separately value the portions occupied by Zocalo Imports Limited and Conran & Co. Limited), it was decided that a 'Material Change of Circumstances' did occur. Consequently, a revision exercise ensued and the rateable valuations on the respective subject properties were fixed as follows: VA11/1/030 - Zocalo Imports Limited: €355; VA11/1/031 - Conran & Co Limited: €45.

It is this decision that has been appealed to the Valuation Tribunal.

Basis of Valuation

The RVs were assessed on a gross external basis for both properties as follows:

VA11/1/030 - Zocalo Imports Limited

Ground & 1 st floor Block 2	128.70 sq. metres @	27.33 per sq. metre	3,517.37
Offices Block 9	280.82 sq. metres @	30.75 per sq. metre	8,635.21
Offices Block 7	48.00 sq. metres @	30.75 per sq. metre	1,476.00
Warehouse Block 1 Mezz	826.25 sq. metres @	20.50 per sq. metre	16,938.12
Warehouse Block 6	828.00 sq. metres @	20.50 per sq. metre	16,974.00
Warehouse Block 3	890.60 sq. metres @	13.67 per sq. metre	12,174.50
Store Block 5 Lean-to	96.43 sq. metres @	13.67 per sq. metre	1,318.19
Mezzanine Level 1 Block 6	547.18 sq. metres @	6.83 per sq. metre	3,737.23
Mezzanine Level 2 Block 6	876.00 sq. metres @	3.42 per sq. metre	2,995.92
Mezzanine Level 1 Block 1	808.25 sq. metres @	5.47 per sq. metre	4,421.12
Containers (Block 8, 10)	207.52 sq. metres @	6.83 per sq. metre	<u>1,417.36</u>
TOTAL NAV:			€73,605.02
RV @ 0.5%	=	€368.02	
Say RV		€355	

VA11/1/031 - Conran & Co. Limited

Warehouse (Block 4)	453.84 sq. metres @	20.50 per sq. metre	9,303.72
TOTAL NAV:			€9,303.72
RV @ 0.5%	=	€46.52	
Say RV		€45	

The Properties

The subject properties are located in Rathnure village which is about 19kms north of New Ross in Co Wexford. The properties are situated off the R731, the main New Ross to Bunclody Road. This is a remote, rural, sparsely populated part of Wexford and is elevated to a height of approximately 120m up the Blackstairs mountains. Access to the properties is poor, with a series of small roads without any signage leading to the village. Both properties

are located in the same yard, with no road frontage, and set behind other properties in the village.

Zocalo Imports Limited comprises 2 main warehouse units, one with mezzanine storage and offices, while the second building has 2 levels of mezzanine and offices. These buildings were constructed over a 10-year period from the mid 1990s onwards. Construction mainly consists of mass concrete up to a height of 2 metres, single-skin cladding and a double-skin roof. The eaves heights are between 6 and 9 metres. There is a small lean-to store that has a height of 4 metres.

Conran & Co. Limited is a warehouse located at the back of the lean-to store mentioned above, and is constructed of a steel frame with mass concrete construction, a single-skin cladding and roof eaves height of approximately 6 metres.

Both premises share a yard that is part gravel and part concrete surface.

Accommodation

Floor areas are agreed as follows:

Zocalo Imports Limited has a total area of 5,537.75 sq. metres (GEA basis). Conran & Co. Limited has a total area of 453.84 sq. metres (GEA basis).

The Appellant's Case

Having taken the oath, Mr. Eamonn Halpin adopted his written précis as his evidence-in-chief. He requested his comparison 7 be disregarded from the evidence as there was an error in the calculations.

Mr. Halpin argued that the subject properties were in a remote, rural and mountainous location, with no road frontage, had very poor roads with little signage. He also argued that the population in the area is very low and that this represented a significant influence on the value of the subject properties. He contended that the value of these buildings is greatly restricted by their actual rural location.

Mr Halpin said that the subject properties' combined total floor area is substantial, particularly in the context of like properties in the local market. He also stated that the

buildings are of basic structure, that the older sections are all single-skin and not insulated, and that they do not in any way compare with modern high spec industrial units that are located in large urban centres. Mr Halpin said that some of the more recent additions to the premises were further restricted due to the lower headroom under the mezzanine floors. He contended that the hypothetical tenant would show interest in the properties only if very favourable rental terms were offered due to the reasons mentioned above.

Mr. Halpin added that when comparing the subject properties with the ‘Tone of the List’, care and consideration should be given to the fact that these premises were very different to others that have been assessed.

Mr. Halpin also noted that though some of the additions to the subject properties were of similar construction, they were valued differently by the Commissioner of Valuation, and wondered if errors were made with these valuations.

Comparisons

In support of his valuations Mr. Halpin introduced 6 comparison properties, details of which are set out in Appendix 2 to this judgment.

Mr Halpin described his first comparison, Weatherglaze in Gorey as a superior structure, in a better location, with both the factory and the warehouse there valued at €20.50 and €20.45 per sq. metre, respectively.

Mr Halpin’s Comparison No 2 comprised various units in Gorey Business Park, all of which, he stated, are valued at €20.50 per sq. metre.

Mr Halpin’s Comparison No 3, F&M Whelan Engineering, is in a similar location to the subjects, albeit not so remote, and valued at €17.05 and €13.67 per sq. metre for those workshops.

Mr Halpin’s Comparison No 4, Patrick Slye, is a joinery workshop with similar build specification to the subjects and is in a rural area about 7 miles distant from Enniscorthy. The workshop at this premises is valued at €13.67 per sq. metre. Mr. Halpin chose this as his primary comparison property.

Mr Halpin's final two comparisons were Rosslare Plant Sales and Wexford Co-Op Mart. The former, a small modern workshop, is valued at €18.38 per sq. metre. The latter has a shop valued at €30.75 per sq. metre, a store and workshop area valued at €8.57, and a disused store valued at €3.57 per sq. metre.

Mr. Halpin concluded his evidence by restating that his primary comparison was his Comparison No 4, as it is better located than the subject properties. He reiterated his view that the values of the subject properties are greatly reduced by reason of their very remote location.

Respondent's Evidence

Ms. Orla Lambe, having taken the oath, adopted her written précis, as her evidence-in-chief, for each of the two subject properties. She outlined the valuation history of the subject properties as already detailed herein. Ms Lambe contended for rateable valuations of €355 for VA11/1/030 - Zocalo Imports Limited and €45 for VA11/1/031 - Conran & Co Limited, calculated as previously outlined in this judgment. In support of her opinion of net annual value, she introduced 6 comparison properties, details of which are attached at Appendix 3 to this judgment.

Ms. Lambe stated that the valuation of the subject properties, when treated as a single property for rating valuation purposes, had been agreed with Mr. Conran (the occupier of the subjects) in 1999 and again in 2007, and that in the 1999 appeal, the location, frontage, nature of building and relative value were taken into account.

Ms Lambe said that having considered all the issues, she formed the opinion that there were no grounds for making any adjustments to the valuation levels applied by her. She further stated that the valuations were made by reference to "tone of the list"; that in valuing the subject properties she relied on Section 49(1) of the Valuation Act, 2001 to value the properties, which states that

"If the value of a relevant property (in subsection (2) referred to as the "first-mentioned property") falls to be determined for the purpose of section 28 (4), (or of an appeal from a decision under that section) that determination shall be made by reference to the values, as

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

Ms. Lambe argued that values set at the previous two revisions were established and were agreed with Mr. Conran and that, because of a sub-division in 2010, the properties were again revised by her and that all of the issues mentioned earlier by the appellant had been taken into account, and reflected her opinion of values of €355 and €45, respectively, for VA11/1/030 – Zocalo Imports Limited and VA11/1/031 – Conran & Co Limited.

Mr. Conran (Occupier)

When Ms. Lambe concluded her direct evidence, Mr. Conran, the occupier, took the oath and gave a brief history of the premises. He said that the complex was originally a wool shed and that he and his brother added to the original premises by building a furniture storage facility on the adjoining land. He stated that the population in the village of Rathnure was about 100 persons and that the village is located about 12 miles from New Ross and 17 miles from Wexford town. He said that the village has 2 small shops, a school, sports area and a church. He also addressed the remote nature of the area as detailed earlier by Mr. Halpin. He said that at the last revision, the valuer applied a valuation of €400 on the entire complex, and added that he was advised by the Valuation Office that if he lodged an appeal at that time, the valuation might increase as a result. He also said that as he was very busy at the time, he took that advice and decided not to appeal.

Findings

The Tribunal would like to thank both parties for the quality and detail of evidence given during the course of the hearing, and finds as follows:-

1. The subject properties are in a rural and somewhat isolated and remote location. Access to the premises is poor, and the quality of the buildings is moderate to poor, as described earlier.
2. Local trade opportunities are likely to limit rental demand for the subject properties, which would result in lower achievable rental rates than for those located at larger centres of population.

3. The office values should be set at €24 per sq. metre in Block 2 and €25 per sq. metre in Blocks 7 and 9 to reflect fairly their remote location and the substantial quantum of office floor areas of circa 458 sq. metres in such a rural setting.
4. The warehouse values are reasonably at €13.67 per sq. metre for single-skin roof and wall cladding. The value should increase to €14.67 per sq. metre where the roof is insulated.
5. The respondent's valuations of the designated offices and containers are fair.
6. As Block 3 was valued at €13.67, and as Block 4 is identical, the value of the latter should correspond with Block 3. i.e. €13.67.
7. Block 1, with single-skin roof and wall-panel with low eaves heights, mezzanine with offices, and a warehouse, comprising 808.25 sq. metres, is fairly valued at €6.83 per sq. metre.
8. Block 3, the original store, with good eaves heights, and built to a reasonable warehouse standard, should be valued at €13.67 per sq. metre.
9. Block 4, an extension to Block 3 should be similarly valued at €13.67 per sq. metre.

Determination

Having regard to all of the foregoing the Tribunal computes the valuations of the subject properties as follows:-

Zocalo Imports Limited

Block 1 Gr Floor Warehouse	826.25 sq. metres @	13.67 per sq. metre	11,294.84
Block 2 Gr Floor Offices	64.35 sq. metres @	24.00 per sq. metre	1,544.40
Block 2 Mezz Offices	64.35 sq. metres @	24.00 per sq. metre	1,544.40
Block 3 Warehouse	890.60 sq. metres @	13.67 per sq. metre	12,174.50
Block 5 Store lean to	96.45 sq. metres @	13.67 per sq. metre	1,318.47
Block 6 Warehouse Gr floor	828.00 sq. metres @	14.67 per sq. metre	12,146.76

Block 7 Gr floor Offices	48.00 sq. metres @	25.00 per sq. metre	1,200.00
Block 9 1 st floor Offices	280.82 sq. metres @	25.00 per sq. metre	7,020.50
Block 8 Steel Containers	88.94 sq. metres		
Block 10 Steel Containers	118.58 sq. metres @	6.83 per sq. metre	1,417.36

Mezzanines

Block 1 – Level 1	808.25 sq. metres @	5.47 per sq. metre	4,421.13
Block 6 –Level 1-double skin	547.18 sq. metres @	6.83 per sq. metre	3,737.24
Block 6- Level 2	876.00 sq. metres @	3.42 per sq. metre	<u>2,995.92</u>

Total NAV **€60,815.52**

RV @ 0.5% = €304.08

SAY €304

Conran & Co. Limited

Block 4 - Ground floor warehouse 453.84 sq. metres @ 13.67per sq. metre 6,203.99

Total NAV **€6,203.99**

RV @ 0.5% = €31.02

SAY €31

And the Tribunal so determines.