

Appeal No. VA11/5/077

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

Malabrook Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2204940, Retail (shops) at 1-4 Temple Grove, Temple Road, Blackrock, County Dublin.

B E F O R E

Maurice Ahern - Valuer, IPAV

Deputy Chairperson

Fiona Gallagher - BL

Member

Frank Walsh - QFA, Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 10TH DAY OF JANUARY, 2012

By Notice of Appeal dated the 9th day of July, 2011, the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €64,300 on the above described relevant property.

The grounds of appeal as set out in the Notice of Appeal are "On the basis that the NAV as assessed is excessive & inequitable." "The Commissioner has completely over estimated the sustainable one yr with another value of this unit at this very moderate location. Greater allowance must be made for the type, nature, size & location of the subject."

The 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 17th day of October, 2011. At the hearing the appellant was represented by Mr. Eamonn Halpin, BSc (Surveying), ASCS, MRICS, MIAVI. The respondent was represented by Ms. Fiona Mullins, BSC (Hons) Property Studies, a valuer in the Valuation Office. Both parties having taken the oath adopted their respective précis, which had previously been received by the Tribunal, as their evidence-in-chief. From the evidence so tendered, the following emerged as being the facts relevant and material to the appeal.

Location

The property is located at Temple Grove, on the south side of Temple Road in Blackrock, Co. Dublin. This area is removed from the prime retail centre of Blackrock, generally regarded as Main Street, along with the Blackrock and Frascati Shopping Centres.

Description

The property comprises a redeveloped ground floor shop unit in a new multi-storey block. It is one of three units in the immediate block. The property has external frontage of approximately 14.3 metres.

Accommodation

Shop 'Zone A'	area 88.48 sq. metres
Shop 'Zone B'	area 76.24 sq. metres
Store	area 10.33 sq. metres

Title

The property is held on a 20 year FRI lease, with a 10 year break, from 13th November 2007 at an initial rent of €85,000 per annum. There was a rent free period of six months after which time the rent was reduced to €60,000 per annum. In 2009 the rent was further reduced to €48,000 and in May 2011, it was reduced again to €36,000.

Valuation History & Relevant Dates

1. A valuation certificate (proposed) was issued on 10th September 2010. The property had a valuation of €8,000.
2. No representations were submitted for this property

3. An appeal was submitted to the Commissioner of Valuation on 8th February 2011.
4. The valuation issued was reduced to €64,300 on 14th June 2011 due to a reduction in the area.
5. An appeal was submitted to the Valuation Tribunal on 11th July 2011.

The Appellant's Case

Mr. Halpin took the oath and adopted his précis as his evidence-in-chief. He made one correction to his comparative number two on page seven of his précis. He stated in this paragraph that the property was not actually zoned but taken at €375 per sq. metre on an overall basis. Comparisons number three and four are zoned at €50 Zone A.

Mr. Halpin stated that the subject property is a large unit on the periphery of Blackrock and Ms. Mullins agreed with Mr. Halpin that the subject property was removed from the prime high street area. Mr. Halpin felt sufficient allowance had not been given by the Commissioner to the subject property. He also felt the Commissioner had failed to take into account the poor retail location and lack of footfall in this case. He stated that it was accepted that with this type of property, as with all others, there is a range of values. However, this particular unit falls at the lower end of the spectrum. He stated that the Commissioner's approach in this case, when all the evidence is taken into account, particularly the subject's initial rent which was fixed at a time of extreme optimism and has proven to be completely unsustainable, was unfair. He maintained that the current rent at €36,000 is a more sustainable on one year with another basis going forward and closer to the concept outlined in section 48(3).

Mr. Halpin contended for the following valuation on the subject property:

Shop Zone 'A'	164.72 sq. metres @ €225 per sq. metre =	€37,062
Store	10.33 sq. metres @ €50 per sq. metre =	€ 516
		€37,578

Say NAV €37,500

OR

Shop Zone 'A'	88.48 sq. metres @ €300 per sq. metre =	€26,544
Shop Zone 'B'	76.24 sq. metres @ €150 per sq. metre =	€11,436

Store 10.33 sq. metres @ €50 per sq. metre = € 516
 €38,496

Say NAV €38,500

In support of his opinion of NAV Mr. Halpin put forward the following comparisons:

1. Peter Linden - Oriental Carpet Showrooms, 15B Georges Ave., Blackrock

Property No 2190528 NAV €13,590

Estimated devaluation:

Shop Zone 'A' 30.50 sq. metres @ €600 per sq. metre

Shop Zone 'B' 23.5 sq. metres @ €300 per sq. metre

2. Akash Restaurant, Georges Ave, Blackrock

Property No 519903 NAV €25,700

3. Black Bean Restaurant, Georges Avenue, Blackrock

Property No 519904 NAV €30,500

4. Where Service Counts Ltd. t/a Clarkes, Carysfort Avenue, Blackrock

Property No 502286 NAV €13,690

Mr Halpin offered the following as Prime Retail Comparisons:

5. XtraVision, 11 –13 Main Street, Blackrock

Property No 520005 NAV €65,300

Estimated devaluation:

Shop Zone 'A' 41.75 sq. metres @ €1000 per sq. metre

Shop Zone 'B' 42.70 sq. metres @ €500 per sq. metre

Shop Zone 'C' 5.01 sq. metres @ €250 per sq. metre

Store 14 sq. metres @ €70 per sq. metre

6. William Hill Bookmakers, 1 Main Street, Blackrock

Property No 520089 NAV €25,400

Estimated devaluation:

Shop Zone 'A'	30.50 sq. metres @ €600 per sq. metre
Shop Zone 'B'	23.5 sq. metres @ €300/ per sq. metre

Mr Halpin offered the following as a Neighbourhood Centre Comparison:

7. Newpark Centre, Blackrock

Property No 310741 (e.g. Units 3 & 4) NAV €44,100

Estimated devaluation:

Shop Zone 'A'	57.95 sq. metres @ €500 per sq. metre
Shop Zone 'B'	28.03 sq. metres @ €250 per sq. metre
Store	34.80 sq. metres @ €70 per sq. metre

Cross-Examination of Appellant

When questioned by Ms. Mullins, Mr. Halpin agreed that the Valuation Office comparisons were much closer to the subject property than his comparisons. He stated that the units used by the VO were much smaller in size. Ms. Mullins stated that all her comparisons are retail. When questioned on the rent of the subject property, Mr. Halpin stated that in his opinion, the agreed rent of €85,000 in November 2007 did not represent fair value and were non – sustainable. This was proven when the rent was reduced to €36,000 per annum. He further stated that the rents and values peaked in 2007.

The Respondent's Case

Ms. Mullins took the oath and adopted her précis as evidence-in-chief. She contended for the following valuation on the subject property:

Retail Zone A	88.48 sq. metres NIA valued @ €500 per sq. metre = €44,240.00
Retail Zone B	76.24 sq. metres NIA valued @ €250 per sq. metre = €19,060.00
Store	10.33 sq. metres NIA valued @ €100 per sq. metre = <u>€ 1,033.00</u>
	NAV = €64,333.00

Valuation Office Estimate of NAV (rounded to) €64,300

In support of her opinion of NAV, Ms Mullins offered the following comparisons:

Comparison 1

- The Bathroom and Tile Shop, 53 Temple Road, Blackrock

Property No 502684

Floor	Use	Area NIA (sq. metres)	Level € per sq. metre	NAV €
0	Retail Zone A	33.13	500	16,565
0	Retail Zone B	13.92	250	3,480
0	Store	9.12	100	912
			NAV	20,957

NAV (Rounded To) €20,900

Comparison 2

- News Café, 55 Temple Road, Blackrock, Co. Dublin

Property No 947501

Floor	Use	Area NIA (sq. metres)	Level € per sq. metre	NAV €
0	Retail Zone A	32.3	500	16,150
0	Retail Zone B	14.3	250	3,575
0	Portacabin	9.2	40	368
			NAV	20,093

NAV (Rounded To) €20,000

Comparison 3

- Lets Move Properties Ltd., 9 Temple Road, Blackrock, Co. Dublin

Property No 502390

Floor	Use	Area NIA (sq. metres)	Level € per sq. metres	NAV €
0	Retail Zone A	13.4	500	6,700
1	Office	12.8	260	3,328
			NAV	10,028

NAV (Rounded To) €10,020

Comparison 4

- Blusea Dry Cleaning, 56 Temple Road, Blackrock

Property No 502340

Floor	Use	Area NIA (sq. metres)	Level € per sq. metre	NAV €

0	Retail Zone A	29.76	500	14,880
0	Retail Zone B	5.2	250	1,300
0	Store	5.98	100	598
			NAV	16,778

NAV (Rounded To) €16,770

Cross-Examination of Respondent

When questioned by Mr. Halpin, Ms. Mullins stated that the valuation levels were derived from the analysis of available open market rental information of comparable properties (including the subject property) and applied to the subject property.

Findings and Determination

The Tribunal commends both valuers for the professional and courteous manner in which they presented their evidence and conducted themselves generally throughout the course of the hearing. Having carefully considered all of the oral and written evidence produced by the parties and the arguments adduced at the hearing, the Tribunal makes the following findings:

1. The comparisons used by the respondent although close in proximity to the subject property, are not directly comparable to it. None of them was tested on appeal.
2. The subject property is more in the nature of a showroom than a general retail store/high street retail unit. This was accepted by Ms. Mullins under cross-examination.
3. It was more appropriate to value the subject property on a zoned basis rather than on an overall rate per square metre.
4. The Tribunal accepts that the location of the subject property is tertiary.

Determination

Having regard to all of the foregoing the Tribunal determines the ratable valuation of the property concerned to be as follows;

Retail Zone A 88.48 sq. metres NIA valued @ €420 per sq. metre = €37,161.60

Retail Zone B 76.24 sq. metres NIA valued @ €210 per sq. metre = €16,010.40

Store 10.33 sq. metres NIA valued @ €70 per sq. metre = € 723.10

Total = €3,895.10

NAV say, €54,000

And the Tribunal so determines.