

Appeal No. VA11/5/129

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

Sord Data Systems Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 1035019, Office (Industrial) at 82 (Unit 1) Furze Court, Furze Road, Sandyford Industrial Estate, Dublin 18, County Dublin.

B E F O R E

Niall O'Hanlon - BL

Deputy Chairperson

Joseph Murray - BL

Member

Frank Walsh - QFA, Valuer

Member

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

By Notice of Appeal dated the 9th day of August, 2011 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €43,600 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 and inequitable. The Commissioner has wrongly classified this property as an office it is in fact an industrial building. The Commissioner has failed to update the valuation list following the appeal. The estm. NAV is at variance with that applied to comparable and superior properties in the area under the revaluation."

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 16th day of December, 2011. At the hearing the appellant was represented by Mr. Eamonn Halpin, BSc (Surveying), ASCS, MRICS, of Eamonn Halpin & Co. Ltd. The respondent was represented by Ms. Maeve Diamond, BSc (Hons) MRICS, MSCSI, Dip Arb, 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.

The Property

The subject property is used as an office/warehouse unit and is located at Furze Court, in the Sandymount Industrial Estate, Dublin 18. The property is an end-of-terrace unit with two-storey offices to the front of the building and a warehouse to the rear. It also has a mezzanine floor.

Accommodation

Offices	154 sq. metres
Warehouse	112 sq. metres
Mezzanine	34.4 sq. metres
Total area	300.4 sq. metres

Tenure

The property was originally held under a 10 year lease from 1996 with five-yearly reviews. Initial rent was €24,125. Following fit-out this rent was increased. The tenant continued in occupation following termination of the lease in 2006 with a rent of €60,000. The rent is now reduced to €50,000.

Valuation History

- On 15th June, 2010 the proposed valuation was €52,500.
- Representations were made.
- The valuation was reduced without agreement to €44,200.
- An appeal was made to the Commissioner on 8th February, 2011 and the valuation reduced without agreement to €43,600.

- The valuation challenged is €43,600.

Appellant's Case

On behalf of the appellant, Mr Halpin mentioned the following:

- The subject property has been overvalued relative to other similar industrial units in the vicinity.
- The subject is an industrial unit with offices and it would never be rented as an office unit per se.
- The subject property is located furthest away from the main concourse, with no proper yard and parking facilities are limited.
- The Commissioner has wrongly described the subject as an 'office (industrial)'. It is an industrial unit with offices and warehouse. The adjoining property (RTÉ) is entered on the list as a warehouse and valued at €120 per sq. metre.
- There is a compelling case to reduce the subject property's value to €120 per sq. metre.
- The passing rent in 2006 was €60,000 and has now been reduced to €50,000 and may be reduced further.

Mr Halpin contended for the following valuation:

Offices	154 sq. metres @	€120 per sq. metre = €18,480
Mezzanine office	34.4 sq. metres @	€24 per sq. metre = € 825
Warehouse	112 sq. metres @	€120 per sq. metre = <u>€13,440</u>
Estimated NAV		= €32,745
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Comparative Evidence

Comparison No. 1

RTÉ, Furze Court, Sandyford Industrial Estate. This is a two-storey industrial unit next to the subject property. It is predominantly a warehouse unit with a warehouse area of 434 sq. metres and an office space of 130 sq. metres. Both office and warehouse areas are valued at €120 per sq. metre.

Comparison No. 2

O'Brien's Fine Wines, 33 Spruce Avenue, Stillorgan Industrial Park. This property comprises mainly a warehouse area. Both office and warehouse areas are valued at €120 per sq. metre.

Comparison No. 3

Unit T30 is a vacant unit in Stillorgan Industrial Park. There is no mixed element in this property and it is purely an industrial office unit. It is valued at €140 per sq. metre.

Comparison No. 4

Soft Export Ltd, Unit T30, Stillorgan Industrial Park. There is no mixed element in this property, comprising industrial offices valued at €140 per sq. metre.

Comparison No. 5

Kellihers Electrical, Three Rock Road, Sandyford Industrial Estate. This is a mixed use unit. Both office and warehouse space is valued at €140 per sq. metre.

Cross-Examination

Under cross-examination, Mr Halpin said that there was parking space for up to six spaces and the building was more office than warehouse (i.e. more than 50% office space).

Respondent's Case

Ms. Diamond contended for a valuation of €43,600 calculated as set out below:

Offices: Ground & First Floor - 154 sq. metres @ €160 per sq. metre =	€24,640
Warehouse: Ground Floor - 112 sq. metres @ €160 per sq. metre =	€17,920
Offices/Mezzanine: First Floor – 34.4 sq. metres @ €32 per sq. metre =	<u>€1,100.80</u>
Total	€43,660.80
Valuation (Rounded)	€43,600

In support of her valuation, Ms. Diamond contended as follows:

- The basis of the valuation was the Valuation Order which specifies 30th September 2005 as the valuation date. Valuation levels were derived from the analysis of available open market rental information of comparable properties and applied to the subject property.
- The original NAV of €2,500 was reduced on appeal to the Commissioner to €43,600 due to a small change in the floor area.

- Ms. Diamond referred to page 5 of her précis, showing the configuration of the building comprising two-storey offices, warehouse to the rear and mezzanine floor.
- Ms. Diamond stated the property was on a 10-year lease with an initial rent of €60,000 since 2006. This devalues at €16.78 per sq. metre for offices and warehouse which is higher than the rate applied to the subject property.
- Based on market rents, the rate of €160 per sq. metre was applied to both offices and warehouse with 20% of office and warehouse applied to mezzanine, which devalues at €32 per sq. metre.
- A small change in the floor area was agreed at 266 sq. metres, exclusive of mezzanine.
- For stand-alone warehouses, the rates per sq. metre vary: €105 per sq. metre for warehouses over 2,000 sq. metres; €120 for buildings between 500 sq. metres and 2000 sq. metres; €140 per sq. metre for buildings under 500 sq. metres. For mixed use buildings such as the subject property, the same rate of €160 per sq. metre is applied to both offices and warehouse.
- Ms Diamond submitted rental evidence in respect of her comparisons.

Respondent's Comparisons

Comparison No. 1

Opsis Ltd, first floor, Unit 1E, Three Rock Road, Sandyford Industrial Estate. This property is offices only, consisting of an area of 225.30 sq. metres @ €160 per sq. metre. This property is held under a four-year FRI lease since November 2006 at €36,750 per annum. This equates to €163.12 per sq. metre.

Comparison No. 2

Eurotek (Ireland) Ltd, 61E Heather Road, Sandyford Industrial Estate. This property is held on a 20-year lease from October 2007 at €8,000 per annum. At representation stage the NAV was reduced from €9,300 to €0,000. The passing rent of €8,000 devalues at €185.50 per sq. metre for office and warehouse and €37 per sq. metre for the mezzanine floor. This is approximately two thirds office building. No appeal was lodged to the Tribunal.

Comparison No. 3

This is a vacant unit at 21 Spruce Avenue, Stillorgan Industrial Park. This building is almost 90% offices. Office and warehouses are valued at €160 per sq. metre.

Basis of Valuation

The legal basis for this valuation is section 48(3) of the Valuation Act, 2001 and the Valuation Order of 30 September, 2005.

Findings

1. With regard to the subject property the original passing rent in 1996 was €24,125 per annum and increased to €30,000 per annum with fit-out. The rent doubled to €60,000 in 2006. From 2005 to 2007 the market was at its peak. Thereafter, the market began to decline with passing rent reduction. The Tribunal bears these factors in mind and notes that the passing rent is now €50,000 per annum.
2. The subject property is an industrial unit in an industrial estate and is a mixed use building with a warehouse of 112 sq. metres.
3. The appellant's comparison no. 1, RTÉ at Sandyford Industrial Estate is mainly warehouse with office space. Both sections are valued at €120 per sq. metre. This comparison carries weight with the Tribunal as it is adjacent to the subject and similar in structure and age.
4. The respondent's comparisons nos. 1 and 3 are mainly office and valued at the rate of €160 per sq. metre. However, comparison no. 2, Eurotek (Ireland) Ltd, is similar to the subject with regard to office/warehouse proportions and both sections are valued at €160 per sq. metre.
5. The Tribunal not only considers the comparative evidence but also takes into account the fact that the passing rent on the subject has come down to €50,000 per annum from €60,000.

Determination

In view of the evidence of the parties and findings, the Tribunal determines that the valuation of the subject should be calculated as follows:

Office: 154 sq. metres @ €140 per sq. metre = €21,560.00

Warehouse: 112 sq. metres @ €140 per sq. metre = €15,680.00

Mezzanine Office 34.4 sq. metres @ €28 per sq. metre = €963.20

Total €38,203.20

Total NAV €38,200.

And the Tribunal so determines.