

Appeal No. VA88/0/133

**AN BINSE LUACHÁLA**  
**VALUATION TRIBUNAL**  
**AN tACHT LUACHÁLA, 1988**  
**VALUATION ACT, 1988**

**Messrs. Concarr Homecare**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: 77.44A, Unit 12cd, Letterkenny, Co. Donegal

**B E F O R E**  
**Mary Devins**

**Solicitor (Acting Chairman)**

**Paul Butler**

**Barrister**

**Brian O'Farrell**

**Valuer**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 20<sup>TH</sup> DAY OF DECEMBER, 1989**

By notice of appeal dated the 17th August, 1988, the appellants Messrs. Concarr Homecare appealed against the terms of the respondent decision fixing the rateable valuation at £60.00.

Mr. Patrick McCarroll, A.R.I.C.S. M.I.A.V.I., a Chartered Surveyor sent in a written submission and gave evidence to the Tribunal on the 12th December, 1988.

He submitted that:

**Location**

Letterkenny Shopping Centre is located at the Northern end of Ramelton Road, the principal artery leading to the town centre of Letterkenny.

The town centre is in a sense isolated from Letterkenny town shopping area by the Port Road Roundabout, the Ticket Office of the Londonderry and Lough Swilly Railway Company, a bus parking area and the shopping centre's car park. Although pedestrians are catered for the majority of shoppers using this centre travel by car.

The centre is a fully enclosed shopping area having two key tenants, Penny's and Quinnsworth, 16 standard units and two smaller units, an open plan restaurant and a licensed premises.

The unit under appeal is the second unit on the left-hand side from the entrance, on the western side of the development.

**Description**

The unit was let as an open fronted shell unit having a concrete floor and fair faced concrete block walls.

His client has emulsioned the walls, partitioned a small section to the rear and installed roller shuttering to the front of the unit.

The unit is used as a D.I.Y./ Hardware Shop.

**Accommodation**

Nett Internal Floor area 151 sq.m.

**Tenure**

No formal lease has been signed on this premises. His client however, is in occupation from March 1985 and the lease provides for a 35 year lease with 5 year rent reviews. The rent reserved is £15,000 per annum, and a management fee of £2.00 per square metre is also paid.

**History of Shopping Centre**

The centre was opened in March 1985 and, for the initial 18 months the level of trade was slow. As can be expected there has been a turnover of tenants, however it would appear that the existing tenants are now established and the Centre is experiencing a satisfactory level of trade.

**History of the Rateable Valuation Assessment**

The shopping centre was assessed for rates in 1985. Unit 12cd (the following unit under appeal) had a valuation assessment of £40.00. Following the 1987 Revision the valuation was increased to £68.00.

On the instructions of Messrs. Concarr Homecare, an appeal was lodged against this assessment. Following unsuccessful negotiations with the Appeal Valuer they advised the Appeal Valuer on the 31st March 1988 that his client was still aggrieved by the reduction offered and, that they were taking this case to the Circuit Court.

On publication of the results of the Valuation Appeals, the valuation of this unit has been reduced from £68.00 to £60.00

It is the contention of Patrick McCarroll & Co., that this calculation is still inequitable and, the correct assessment on this property should be £50.00

They have arrived at this assessment on the following grounds;

1. Rent reserved. The reserved rent on this property is £15,000.00. Comparing the property under review and other units in the Shopping Centre.

<b>Unit No.</b>	<b>Floor Area</b>	<b>Rent</b>	<b>Rent/sq.m.</b>
12cd	151 sq.m.	£15,000	£ 99.33
1	69 sq.m.	£ 8,525	£125.33
12ab	200 sq.m.	£15,000	£ 75.00

#### **Note**

1. Unit 1 is a typical standard unit in the shopping centre.
2. Unit 12ab is a licensed premises and it has longer opening hours. The cost of fitting out is probably reflected in the rent.

#### **Comment**

It is evident that the landlord took into account the size of this unit in determining the rent. It is their contention that a similar approach should be applied in determining the Rateable Valuation.

If it is accepted that the rate per sq.m. of the standard unit is reduced by 24.38% reflecting the difference in rent between the units, this would give a Rateable Valuation assessment of £50.00.

151 sq.m. at £0.34 = £51.34          Say £50.00

#### **Size and depth of the Unit**

The frontage and depth of the property under appeal is substantially bigger than the Standard Unit and, it is their opinion that it would be inappropriate to apply a global rate on this property.

It is McCarroll & Co's opinion that the area of this property should be zoned:

Zone 1 60 sq.m. at 40p/sq.m. = £24.00

Zone 2 50 sq.m. at 35p/sq.m. = £17.50

Zone 3 41 sq.m. at 20p/sq.m. = £ 8.20

£49.70

Say £50.00

### **Comparing similar sized units in the Centre**

Excluding the units occupied by the key tenants and, on comparing similar sized units and the agreed rates per sq.m. (as agreed on first appeal 1985).

Unit 12cd 151 sq.m. at 40p per sq.m. = £60.00

Unit 12ab 200 sq.m. at 25p per sq.m. = £50.00

Unit 21 168 sq.m. at 25p per sq.m. = £42.00

### **Note**

1. The total valuation assessment on unit 12ab is £70.00. This is made up as follows:

Floor Area £50.00

Store £ 3.00

Licence £70.00

2. This unit comprises an open-plan Restaurant and food preparation area and, the total valuation assessment is £73.00. This is made up as follows:

Food preparation area £31.00

Restaurant £42.00

£73.00

**Comment**

Comparing similar sized units it is their contention that the correct assessment on unit 12cd is £45.00.

151 sq.m. at £0.30 = £45.30 say = £45.00

It is Mr. McCaroll's opinion that there is no grounds for comparing the rate per metre of the subject property and the rate per metre of the premises occupied by the key tenants as

- a) Like with like is not being compared
- b) The larger units because of their size get special treatment from the management company.

In assessing treatment from the Management charge the floor area of the larger units is reduced by 20%

**Comparing the Rent/Rateable Valuation Ratio;**

<b>Unit No.</b>	<b>Rent</b>	<b>Rateable Valuation</b>	<b>Rent/Rateable Val.</b>
12cd	£15,000	£60,00	250
12ab	£15,000	£70,00	214.28
12ab	£15,000	£53.00*	283
1	£ 8,525	£31.00	275
1.	Purchased		
3	£ 8,525	£31.00	275
4	£ 8,525	£31.00	275

\*excluding that part of the valuation attributable to the licence

Applying the ratio of 275 to the rental value of £15,000 gives a valuation of 54.34 say £54.00.

This has not taken into account the size of unit 12cd and the increased Management charges.

After reviewing all the facts it is their opinion that a fair and reasonable valuation assessment on unit 12cd Letterkenny Shopping Centre, Letterkenny, Co. Donegal is £50.00 (fifty pounds).

Mr. C. Hicks a valuer with 14 years experience in the Valuation Office gave a written submission to the Tribunal and gave evidence on the 12th December 1988.

He inspected the property in March 1988 and found it to consist of a shop unit in a modern centre.

The unit was first valued in 1985 along with all the other units in the centre. The Rateable Valuation fixed at that time was £40.00. Subsequently all the units were appealed to the Commissioner except this one.

In 1986 a request for revision was submitted by Letterkenny Urban District Council. The reason given for this request was:-"undervalued compared to other units in centre". As a result of this revision the R.V. was increased to £68.00. This was appealed to the Commissioner who reduced it to £60.00.

This devalues as 151 sq.m. at 40p = £60.00 or alternatively N.A.V. £15,000 at .4% = £60.00

This shopping centre was valued in 1985 and at that time strict proportionality between rateable valuations and annual value was not adhered to. Excluding the licensed premises which was treated as a special case, only two rates per sq.m. were applied here:- 45p per sq.m. for the standard units and 50p per sq.m. for the smaller units. The corresponding rents were £11.50 per sq.ft. and £14.00 per sq.ft.

In brief the rates used in the centre are as follows:

Standard size at 45p per sq.m.

Half size at 50p per sq.m.

Double size at 40p per sq.m.

The subject premises is the only double size unit in the centre.

More than half the rates on this centre apply to the Quinnsworth/Penney's supermarket with a R.V. of £890.00 on 35,000 sq.ft. almost 50 times larger than the standard unit.

This unit devalues at 28p per sq.m. and Mr. Hicks estimates that it would have rental value of between £3.00 and £4.00 per sq.ft.

Since the decision of the Tribunal may result in further appeals and reassessments in this centre, the following comparisons refer only to a nearby development in which all the valuations have been agreed.

### **COMPARISONS**

C. All in Crossview House

Unit 3. Rent £9,100 @ .4% = £41.50

70m.sq. @ 45p = £31.50

R.V. £32.00 agreed 1986 (0.35% of rent)

Unit 4. Rent £10,400 @ .4% = £41.50

100 m.sq. @ 40p = £40.00

R.V. £40.00 agreed 1986 (0.38% of rent)

Unit 6. Rent £6,500 @ .4% = £26.00



71 m.sq. @ 45p = £32.00

R.V. £32.00 agreed 1986 (0.49% of rent)

Unit 7. Rent £6,000 @ .4% = £24.00

54 m.sq. @ 50p = £27.00

R.V. £27.00 agreed 1986 (0.45% of rent)

Unit 8. Rent £3,200 @ .4% = £13.00

37 m.sq. @ 36p = £13.00

R.V. £27.00 agreed 1986 (0.45% of rent)

Unit 9. Rent £4,000 @ .4% = £16.00

56 m.sq. @ 36p = £20.00

R.V. £21.00 agreed 1986 (0.53% of rent)

No N.A.V. available for units 1,2,5 or 10.

The Tribunal is of the opinion that the N.A.V. of the subject premises is £15,000 and agrees with Mr. Hicks that .4% is a correct percentage in determining the Rateable Valuation and therefore the Tribunal finds in favour of the Commissioner of Valuation and confirms that the correct R.V. is £60.00.

The Tribunal is not to be taken as laying down that there can be a slavish adherence to so much per sq. metre as a talisman to determine a correct R.V. It is an indicator which will be employed together with other criteria.

