

Appeal No. VA90/2/070

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

Gerard Scally

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Supermarket and yard at Lot No. 49, Main Street, Granard, Co. Longford

B E F O R E
Mary Devins

Solicitor (Acting Chairman)

Brian O'Farrell

Valuer

Veronica Gates

Barrister

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF MARCH, 1991

By notice of appeal dated the 30th day of July, 1990, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £120 on the above described hereditament.

The grounds of appeal as set out in the notice of appeal are that the valuation is excessive, inequitable and bad in law.

The Property

This is a new premises which operates as a super valu supermarket. The walls are of concrete and roof covering of coated sectional sheet steel. It is fitted with lighting, central heating, cold stores, tile walls and floors etc.

Valuation History

In 1989 a valuation of £120 was fixed on this new building. This amount was appealed to the Commissioner of Valuation who made no change at the first appeal stage. It is against this amount that the appellants now appeals to the Tribunal.

Written Submissions

A written submission was received on the 5th March, 1991 from Mr Patrick J. Nerney BE Chtd. Eng. MIEI, MIAVI., Ratable Valuation Consultant, Valuer and Auctioneer on behalf of the appellants. In this written submission Mr Nerney said that the premises are new and cost in the region of £160,000. He attached a sketch of the layout and accommodation. Mr Nerney said that it was his opinion that the net annual value is £11,000 and that £65 is a fair rateable valuation and he sets out his calculation of how this would be arrived at.

Net annual value.

Front half of supermarket	2,425 sq ft @ £2.25 = £ 5,456
Rear half of supermarket	2,425 sq ft @ £1.50 = £ 3,638
Stores, kitchenettes and toilets at rear	1,750 sq ft @ £1.25 = <u>£ 2,188</u>
	£11,282

Net annual value say £11,000 @ 0.6% = say £65.

Mr Nerney says that in arriving at this rateable valuation he had regard to the following matters.

1. This is a very large supermarket for the small town of Granard with a limited catchment area and sparsely populated hinterland.

2. Competition with the large multiples such as Dunnes Stores and Quinnsworth for example in Longford, Cavan and Mullingar is difficult.
3. The volume of trade has fallen far short of the target.
4. The cost of stocking a shop of this size taken in conjunction with all other outgoings, is high.
5. There is practically no passing trade in Granard.
6. The town is not highly industrialised.
7. Granard is an out of the way location.
8. The rateable valuation on the shop is double that of the next highest which is Cunninghams on the Main Street.
9. The site was difficult and expensive to develop.
10. The site is restricted with no access on one side or at the rear.

Mr Nerney drew a comparison with Ryan's Supermarket in Kiltimagh with a rateable valuation £75. He devalued that rateable valuation as follows:-

Supermarket and restaurant	484 sq m @ 13p =	£62.92
Stores	<u>151</u> sq m @ 8p =	<u>£12.08</u>
	635	£75.00

and applied this breakdown to the subject premises which he said would result in the following -

Supermarket	450 sq m @ 13p =	£58.50
Stores	<u>164</u> sq m @ 8p =	<u>£13.12</u>
	614	£71.62

He also referred to Killeshandra Co-op comprising a shop, warehouse and yard with a rateable valuation of £80 fixed at the 1989 first appeal. That valuation devalues as follows:-

Shop	3,000 sq ft @ £2.25 = £ 6,750
Warehouse	3,500 sq ft @ £1.75 = <u>£ 6,125</u>
Net annual value	£12,875
R.V. @ 0.63%	= £81 say £80

Mr Nerney said that, taking everything into account and especially the fact that the premises are too large for the town of Granard it is his opinion that in all the circumstances his suggested figure of £65 represents an adequate valuation.

A written submission was received on the 1st March, 1991 from Mr Christopher Hicks, an appeal valuer in the Valuation Office. Mr Hicks said that the site in the Main Street was purchased by the owner for £40,000 in 1988, that he demolished the existing building and erected a modern supermarket at a cost £200,000. Mr Hicks said that the valuation has been fixed by reference to the location, size and quality of the building. He said that no consideration has been given to either the current or potential level of business. Mr Hicks said that the appellant's investment to date indicates a market value in excess of £240,000 on the property. He said that this is a purpose built detached structure finished to a high standard and is fully fitted. The rateable valuation, Mr Hicks said, is based on an estimated rental of £2.90 per sq. ft. as follows:-

Shop & store 6,600 sq ft @ £2.90 = N.A.V. £19,140 @ .63% = £121

R.V. £120

Mr Hicks attached three comparisons as follows:-

1. Seamus Keane, new supermarket in Drumlish, R.V. £70
2. Londis Supermarket in Ballymahon, R.V. £85

3. Lakelands Co-op, outside Granard town, R.V. £80.

Oral Hearing

An oral hearing took place in Galway on the 12th March, 1991. The appellant was represented by Mr Patrick Nerney, valuer and auctioneer and the respondent was represented by Mr Christopher Hicks, District Valuer.

Mr Nerney informed the Tribunal that he was now in agreement with Mr Hicks that the estimated cost of building the subject premises was in the region of £200,000. Mr Nerney relied on his written submission but highlighted a number of points. He said that the subject premises was really too large considering that Granard is not a densely populated town or indeed a good business town. There is strong competition at a local level from small self- service shops and also from large supermarkets like Dunnes Stores and Quinnsworth situate in Mullingar, Longford and Cavan.

Mr Nerney went on to say that the site itself is restricted, with no access at side or rear and only limited car parking facilities at the front of the shop. He felt that the project had been far too ambitious a development for a town as small as Granard as is evidenced by the fact that the appellant has been endeavouring to sell the premises and had recently secured a buyer but only at a loss. The premises are to be sold for £180,000 as a going concern.

Mr Hicks referred to the evidence and comparisons adduced in his written submission. Of the three comparisons presented it was felt that the Lakelands Co-operative building situate just outside the town of Killeshandra was most relevant. Mr Hicks said that the Lakelands building had been valued at approximately the same time as the subject premises and the square footage was roughly the same. He felt, however, that the Lakelands building was a plain, industrial building, with unplastered walls and no outside facilities such as street lighting or footpaths. On

the other hand he felt that the subject premises was a purpose built structure finished to a good standard and situate in the town itself.

Findings

The Tribunal is conscious of the fact that the only comparison agreed by both parties, namely the Lakeland Co-operative building, is not strictly a valid comparison since it differs in function, location and finish from the subject premises. However this comparison has been taken into account to a limited extent by the Tribunal in reaching its determination.

Having considered both the written and oral submissions of both parties the Tribunal is of the opinion that the subject premises is situate in a town with a relatively small population, which attracts little passing trade and where there is strong competition from larger supermarkets in nearby towns. The Tribunal therefore determines that the rateable valuation should be reduced from £120 to £95.