

Appeal No. VA90/3/087

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

Connaught Airport Developments Company Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Connaught Regional Airport and land at 6B.7B.36, Townland of Kilgarraf West, Sonnagh, Co. Mayo

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 5TH DAY OF APRIL, 1991

By notice of appeal dated 28th September 1990, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £658.40 (of which £3.40 is fixed on land) on the above described hereditament.

The grounds of appeal as set out in the Notice of appeal are that by comparison with similar undertakings in the country the current rateable valuation of £655.00 is excessive.

The Property

The property consists of a commercial airport with a single main runway of 2,300 metres long and 45 metres wide, running approximately on a east west axis. The terminal building consists of a purpose built complex of buildings containing arrivals lounge, departure lounge and Duty Free area, a control tower and various ancillary administrative offices and storage areas. There is a 3 storey observation tower workshop and garage for the fire engine. There are no hangars or aircraft maintenance facilities, but the Airport has a fuel-storage capacity of about 72,000 gallons of gasoline for Aircraft refuelling and a 90,000 gallon water-tank. The rateable valuation on the runways and parking aprons has been agreed at £160. and the rateable valuation on the surplus land is fixed at £3.40

The only issue before the Tribunal is the amount of rateable valuation on the terminal buildings.

Valuation History

In 1986 the Airport was first valued as follows:-

Buildings £250.00, Runways etc., £170.00, Total £420.00. This valuation was upheld in the Circuit Court in November 1989. In 1989 the subject was again listed for revision and the rateable valuation was increased to £520.00 on buildings and the runway etc., was reduced to £160.00 to allow for parts located in the townland of Barnalyra. This was appealed to the Commissioner of Valuation and at First Appeal stage the Commissioner reduced the buildings valuation to £495.00 and allowed the valuation on the runway etc., to stand at £160.00. It is against this determination of the Commissioner on the rateable valuation on the buildings that the appeal now lies with the Tribunal.

Written Submissions

A written submission was received from Mr Frank O'Donnell, of Frank O'Donnell & Co., Valuation, Rating & Property Consultants on 5th March 1991 on behalf of the appellants. Mr O'Donnell said that in estimating the N.A.V. his approach had been to first make an estimate of

the N.A.V. on the assumption that it had been adapted to non-airport usage such as a distribution depot or a light-engineering plant. He then discounted this to allow for the non-viability of the usage in its actual state. Using this approach he calculated the N.A.V. and R.V. as follows:-

Lounge Areas, Administration Area and Control Tower as adapted to ordinary commercial use. 31,312 sq.ft. at £3 per sq. ft.	£ 93,936
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Garage and Workshop Areas 2,625 sq. ft. at £2 per sq. ft.	£ 5,250
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Add for Tanks, Stand-by motors Car-parking etc.	£ 5,000
	<u>£104,186</u>

Allow 50% for non-viability for Airport usage.	£ 52,093
	£ 52,093

N.A.V. say £50,000	
R.V. @ .5%	£250.00

Mr O'Donnell arrived at the same R.V. using a historic cost, first phase and second phase totalling outlay of £670,000. This gave an effective Capital Value of £335,000 resulting in a N.A.V. of £50,250 yielding the same rateable valuation of £250.00.

A written submission was received from Mr Noel Lyons B.Comm, a Valuer in the Valuation Office, on 7th March 1991, on behalf of the respondent. Mr Lyons outlined the details of the subject property, valuation history and the valuation placed on the runway and other aspects of it which are not being considered by the Tribunal. With regard to the valuation on the buildings Mr Lyons said that the buildings apart from the observation tower, could be used by any business person or group of small industries currently in the market for advance factories. He said that

they are of solid construction and most of the internal partitioning is removable. He said that he proposed a valuation on buildings based on :-

1. Comparison with the valuation fixed by the Circuit Court.
2. Comparison with I.D.A. industrial units and offices attached being rated at £2.00 per sq. ft. on warehouse/factory and £3.00 per sq. ft for offices.

Mr Lyons then outlined his calculations of the N.A.V. and R.V. under two headings:-

1. The old valuation of £250.00 fixed by the Circuit Court (and he outlined how this might devalue)
2. The additional buildings as follows:-

Additional Buildings:

Infill to original terminal building
 $21.28\text{m}^2 = 229\text{ ft}^2 @ £3.25\text{ per ft}^2 = £ 744$

New ground floor extension to terminal building
 $808.52\text{m}^2 = 8703\text{ ft}^2 @ £3.25\text{ per ft}^2 = £28,285$

New first floor extension to terminal building
 $805.58\text{m}^2 = 8671\text{ ft}^2 @ £2.50\text{ per ft}^2 = £21,677$

Ancillary buildings
 $52.9\text{m}^2 = 569\text{ ft}^2 @ £1.00\text{ per ft}^2 = £ 569$

Office/store at fuel tanks
 $41.5\text{m}^2 = 447\text{ ft}^2 @ £1.00\text{ per ft}^2 = £ 447$

Car parks - Avis and "charge area" 92 spaces @ £480 per space (construction cost) X 5% return
 $= £ 2,208$

£ 53,930

Say £54,000

Estimate of net annual value on additions £54,000

Rateable valuation of addition = Estimate of NAV

£54,000 X 0.5% = £270.00

Allow 10% Say £245.00

Total R.V. on building - old valuation per

Circuit Court £250.00

Additional per 1989 £245.00

Total £495.00

Oral Hearing

At the oral hearing which took place in Galway on the 13th March, 1991, Mr Stephen Roche, Barrister-at-Law, instructed by Messrs McEllin & Sons, Solicitors, appeared on behalf of the appellant, together with Mr Frank O'Donnell, B.Agr.Sc., M.I.A.V.I., M.I.R.E.F. of Frank O'Donnell & Co. Mr Noel Lyons, B.Comm, Valuer, represented the respondent. Also present was Mr J.P. Ryan, Airport Secretary, Connaught Airport Development Company Limited. Mr O'Donnell referred to his written submission dated the 4th March, 1991 and stated that the hereditament was located in a very remote area where there were no industries, and therefore very little employment and no possibility of freight traffic.

He pointed out that in spite of the enormous State subvention the Airport was making a loss. In view of that situation, it would, in his view be impossible to envisage a "hypothetical tenant".

Mr O'Donnell said that apart from the particular difficulties experienced by the Airport, there was a general world downturn in flights.

Mr Ryan stated that the Airport could be said to have "peaked" in 1988/1989. He said that since the Autumn of 1990 there has been a drop in passenger traffic due, in part, to the recession in the U.K. whence most of their passengers came.

My Lyons disputed the 50% reduction for non-viability referred to in Mr O'Donnell's precis and said that if the Airport were not viable it could not get the necessary airport licence.

Mr Lyons said that in spite of the alleged downturn in the fortunes of the Airport, since 1986 additional buildings, including a duty-free shop, had been completed at a cost of £350,000. The cost of the buildings in the First Phase, completed in 1985 was approximately £320,000.

He said that in his view there would be tenants who would be prepared to lease the hereditament, either as a commercial airport or for alternative use.

Findings

In reaching its determination the Tribunal has taken into account the valuation fixed by the Circuit Court in 1989 on the buildings as they existed in 1986. Since that time evidence had been given of additional buildings constructed at a total cost of £350,000.

The Tribunal notes Mr O'Donnell's argument for 50% reduction in N.A.V. on the grounds of non-viability for airport usage.

However, in view of the extensive new buildings which have recently been completed, the Tribunal, in applying the "rebus sic stantibus" rule, accepts broadly the breakdown and estimate of N.A.V. of the extension put forward by Mr Lyons. It notes too that he has allowed a further reduction of 10% in R.V., supposedly in view of the particular nature of the hereditament.

The Tribunal accepts the evidence as to the downturn in flight traffic, generally and in particular from the U.K.

In all the circumstances, and accepting the R.V. fixed so recently by the Circuit Court on the old buildings, the Tribunal finds that the correct R.V. of the buildings is £445. The Tribunal therefore fixes the rateable valuation of the total hereditament at £608.40