

Appeal No. VA92/6/002

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

Telemecanique (Ireland) Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and Land at Lot No: 2, Townland of Celbridge, E.D. Celbridge Rural, District of Celbridge 1, Co. Kildare
Quantum

B E F O R E

Padraig Connellan

Solicitor

Brian O'Farrell

Valuer

Joe Carey

P.C. M.I.A.V.I.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 19TH DAY OF MARCH, 1993

By notice of appeal dated 13th day of October, 1992, Donal O'Buachalla & Company Limited on behalf of the appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £1,750 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

- (1) the valuation is excessive and inequitable
- (2) the valuation is bad in law

The Property:

The property stands on a site of approximately 10 acres on the outskirts of the Village of Celbridge. It comprises a substantial purpose built detached factory with ancillary offices and plant rooms fronting the Celbridge/Maynooth Road. The offices are located at the front of the building and the kitchen, canteen and cloakrooms are located to the side of the building behind the offices.

The Factory Premises:

Steel frame construction to net height 19 feet. The walls are insulated metal cladding from the ground to the eaves. The roof of the factory has a flat metal deck with a "Trocal" finish. The floor consists of treated concrete - there is no tiling.

In the offices there is a steel frame providing net headroom of approximately 8 feet to underside of original suspended patent module tiled ceilings, dwarf rendered concrete block walls with metal clad top section, and incorporating aluminium framed windows. The construction of the roof in the offices section is similar to that in the factory premises. There is good circulation space for large vehicles to the rear and ample paved car parking to front and rear. All main services are connected.

Valuation History:

The property was first valued in 1979 and the valuation was fixed at £1,750. In 1991 the property was listed for revision by the local authority following some additions to the property. The valuation was then fixed at £3,100. On appeal to the Commissioner of Valuation the rateable valuation was reduced to £1,750. It is against this rateable valuation that an appeal lies to the Tribunal.

Written Submissions:

A written submission was received on the 5th February, 1993 from Mr. Alan McMillan, an Associate of the Society of Chartered Surveyors in the Republic of Ireland and a Director of Donal O'Buachalla & Company Limited, on behalf of the appellants.

In the written submission Mr. McMillan described the background to the valuation of the subject premises. He described the location and condition of the property and the matters which were agreed before hearing which were:-

- 1) Overall floor areas.

- 2) R.V./N.A.V. ratio at .5%.
- 3) No significant dispute regarding horsepower or tankage.

Mr. McMillan, in his written submission, commented on the existing rateable valuation of the subject premises and stated that with the demise of Section 23 there was an onus of proof on the Commissioner of Valuation to demonstrate that the N.A.V. proposed complies with Section 11 of the 1852 Act.

Mr. McMillan described the considerations which he had taken into account in calculating the valuation on the premises and set out his estimate of valuation as follows:-

	<u>Sq.ft.</u>		<u>p.s.f.</u>	<u>£</u>	
Offices/Canteen etc	23,046	@	£2.00	£	46,092
Factory etc	104,477	@	£1.40	<u>£146,268</u>	£192,360
(Overall	127,523	@	£1.51)		
Plus: External Stores			1,000		
Oil Tanks			1,000		
Horsepower			<u>2,000</u>	£	4,000
			N.A.V.	£	196,360
		R.V. @ 0.5% =		£	982
		Say,		£	980

Mr. McMillan supplied a schedule of comparisons to the Tribunal and these are summarised below:-

No. 1 - Factory at Newbridge, Co. Kildare

Substantial modern factory, located beside Irish Ropes, comprising 139,439 square feet (including offices 3,750 square feet)

Leased by Irish Ropes to Curragh Tintawn Limited for 35 years with 5-year reviews from late 1987 at rental of £100,000 p.a..

Equates to 72p p.s.f. overall or just over ¼ rate applicable to Subject.

Good factory space but inferior to Subject.

No. 2 - Brother Industries, Donore Industrial Estate, Drogheda, Co. Louth.

Factory premises on main I.D.A. Industrial Estate in Drogheda, close to port and rail facilities etc..

Comprises single storey factory dating from 1977 extending to 122,343 square feet (including offices, canteen staff areas - 39,177 square feet).

The average unweighted rent over 5 years is £156,802.40 or £1.28 p.s.f..

Of superior construction to Subject with brick clad external walling throughout.

No. 3 - Warehouse Unit at Bracetown Business Park, Clonee.

Floor area: 21,044 square feet.

Let for 1½ years from September 1988 @ £1.60 p.s.f..

Tenant: Crilly Byrne & Fay Meat Company Limited.

Inferior in finish to the Subject at only one-sixth of the size.

No. 4 - Cill Dara Carpet Mills, Newbridge, Co. Kildare.

Substantial factory premises fronting Cutlery Road extending to approximately 184,000 square feet.

Purchase price equivalent to approximately £1.50 p.s.f..

R.V. £200 covers approximately 173,300 square feet.

No. 5 - Factory at Naas Road, Kilcullen, Co. Kildare (formerly Irish Rubber Limited)

Floor area: 51,169 square feet includes 3,683 square feet offices.

Allowing for surplus lands, purchase price devalues at £5.86 p.s.f..

Inferior accommodation to Subject.

No. 6 - Lever Brothers, Belgard Road

Separate but adjoining buildings leased by Irish Life to Lever Brothers at separate modern 35 year F.R.I. Leases.

Block 39: Warehouse: 34,414 square feet

* Devalues at £3.40 and £2.37 p.s.f. **or** £2.48 overall*

Block 18: Warehouse: 32,810 square feet

* Lease: 35 years from 1.12.1984. Reviewed in 1989 to £85,301 or £2.31 overall.

No. 7 - Edward Dillon & Company Limited, Dublin 9

Substantial bonded warehouse overlooking Santry Road.

Floor area: 104,000 square feet

1985 rent at £1.76.

1990 rent at £2.50

No. 8 - Raleigh, Kylemore Road, Dublin 12.

Prominent position fronting Kylemore Road, close to the Naas Road.

Lease 35 x 5 from 12.8.1987 on F.R.I. terms at £77,000 p.a..

Equates to £1.94 p.s.f. overall.

No. 9 - Soft Kits Limited, Kildare Enterprise Centre, (part of former Black and Decker Complex)

47,712 square feet including offices.

R.V. £500 agreed at 1990 F.A..

Equates to N.A.V. £1.75 overall.

No. 10 - Polyglass, Ashbourne Industrial Estate, Co. Meath

Prominent corner position in Industrial Estate adjacent to the main Dublin/Derry Road.

Accommodation:	Factory:	42,246 square feet
	Offices:	2,647 square feet

N.A.V.: £1.75 p.s.f. overall

No. 11 - Offices at Bracetown Business Park, Clonee, Co. Meath.

1990 Tribunal Appeal (VA92/1/11).

R.V. £350 reduced to £250.

N.A.V. £2.07 p.s.f..

No. 12 - Gilbeys, Naas Road.

Modern offices, bottling plant and warehouse complex. Built 1970 with later extensions, on 10½ acres.

R.V. £3,220 reduced to £2,500 at '91/4 F.A..

(R.V. £2,500 not agreed).

Breakdown:	Offices:	24,477 sq.ft. @ £3.75
	Warehouse:	113,030 sq.ft. @ £2.50
	Anc. Stores:	6,017 sq.ft. @ £1.75

R.V. £2,500 would be R.V. £1,984 @ 0.5%.

A written submission was also received on the 8th February, 1993 from Mr. Tom Cuddihy, a District Valuer with 25 years experience in the Valuation Office, on behalf of the respondent. In the written submission Mr. Cuddihy set out a description of the property and the valuation history. Mr. Cuddihy, commenting on the appellants grounds of appeal, stated that the rateable valuation here was in line with other recently revised properties in this area, that is, that the valuation was approximately .5% of N.A.V.. Mr. Cuddihy stated that he had calculated his estimate for the rateable valuation of the subject premises in the absence of rental evidence as follows:-

In arriving at the rateable valuation particular regard was had to the relationship of R.V.'s to rental levels for recently revised comparative properties in the area.

Valuation Basis

Offices, Canteen etc.	23,046ft ² @ £3.50/ft ² =	£ 80,661
Production & Storage	104,447ft ² @ £2.25/ft ² =	£235,005
Pump House	151ft ² @ £1.00/ft ² =	£ 151
Store	870ft ² @ £1.00/ft ² =	£ 870
Water Tanks	350,600 gals	£ 8,000
Oil	10,000 gals	£ 1,000
Enclosed Yard	2,787ft ² @ £0.15/ft ² =	£ 418
Horse Power	200	£ 2,000
Car Parking	222 spaces @ £100/sp =	<u>£ 22,000</u>
		£350,105
Estimated N.A.V. =	£350,000 x 0.5% =	£ 1,750

R.V. £1,750

Mr. Cuddihy set out details of four comparisons which are summarised below:-

No. 1 - Fujitsu Isotec Ireland Limited - 90 FA Blanchardstown

98,000ft² @ £2.80/ft² = £274,400

45,000ft² @ £3.00/ft² = £135,000

£409,000

Estimated N.A.V. = £409,000 x 0.63% = £2,576.00

R.V. £2,600.00

Modern Factory - part old and part new - close to the Village of Blanchardstown.

No. 2 - Intel Ireland Limited - 91 FA Celbridge 1

R.V. £3,260

Modern recently erected factory outside the Village of Leixlip.

No. 3 - Stratus Computers Limited - 91 Revision -Blanchardstown

Factory comprising a total of 110,000ft² taken over a phased basis by Stratus Computers Limited.

Total area 110,000ft² @ £400,000 = £3.65/ft²

R.V. £2,300

No. 4 - Atlantic Pharmaceutical Products Limited - 91 FA Celbridge 1

Estimated N.A.V. = £39,000 x 0.5% = £195.00

R.V. £195

Basic factory building built about 20 years and located about 1 mile from Celbridge on Dublin Road. This is a far inferior property compared with subject property.

Oral Hearing:

At the oral hearing which took place in Dublin on 12th February, 1993 the Commissioner was represented by Mr. Tom Cuddihy, B.Agr.Sc.. Mr. Alan McMillan, Associate of the Society of Chartered Surveyors and a Director of Donal O'Buachalla & Company Limited, who represented the appellant referred to his precis of evidence and outlined the specification and style of the subject premises. Commenting on its location in the north of Kildare County in the Town of Celbridge, population c.9,600, he told the Tribunal that the subject premises was an early seventies type construction and style of factory which became somewhat obsolete in some areas. He referred to the yard and parking area which had become tatty and in need of renewal. While agreeing that Celbridge was a typical dormitory town within easy distance from Dublin it was nevertheless a rural town with a rural ambience and could not be compared to some industrial estates in Dublin which had better infrastructure.

Mr. McMillan described the construction of the factory area which comprised 104,477 square feet of floor area and the construction of the offices which had a floor area of 23,046 square feet. These areas were agreed and accepted by Mr. Cuddihy for the Respondent.

Based on the Commissioners rateable valuation of £1,750 assuming the agreed ratio of 0.5%, Mr. McMillan devalued the overall Net Annual Value for the subject premises, on analysis as follows:-

Offices, Canteen Cloaks@	£3.75 p.s.f
Factory, Warehouse	@ £2.50 p.s.f.
External Stores	@ £1.00 p.s.f.

which he deemed to be excessive taking all the circumstances and comparisons into consideration.

He went on to list 12 comparative factories which when devalued suggested an N.A.V. of much less than £2.00 per square foot and in fact he indicated inter alia that the Cill Dara

Carpet Mills premises, which he admitted was a lower construction specification, was nevertheless purchased for a price equivalent to £1.50 a square foot.

Mr. Cuddihy for the respondent pointed out that most of the comparisons introduced by Mr. McMillan were of much lower specification than the subject premises and he assisted the Tribunal by producing photographs of many of these premises. He contended that the Telemecanique factory premises was constructed to a reasonably high specification. He devalued the N.A.V. for the subject property as being £3.50 per square foot for offices and £2.25 per square foot for production and storage areas. However he added N.A.V.'s of £8,000 for water tanks and £22,000 for 222 car parking spaces, inter alia.

He referred to the four comparative premises contained in his precis of evidence which suggested N.A.V.'s much higher than the subject property which were situated in equivalent locations and which were of more or less similar use.

Mr. McMillan suggested that the four comparisons above, alluded to by the respondent, were of a very much higher construction specification and he called on Mr. Peter Hanna, Architect and President of the R.I.A.I. to substantiate this claim. Mr. Hanna believed that to compare the Telemecanique (Ireland) Limited premises with Fujitsu Ireland Limited and Intel Ireland Limited was like comparing "a Ford Fiesta to a Mercedes Benz". He set out the differences as he saw them and referred to the air conditioning, heating, ceilings, floor covering etc, in the respondents comparisons.

Findings:

The Tribunal, having taken account of all the circumstances and considered the evidence adduced by both parties and bearing in mind the construction and style of the subject premises believes that a fair and reasonable rateable valuation for the premises should be £1,600 and so determines.