

Appeal No. VA93/3/038

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

Westside Taverns Limited t/a The Greyhound Inn

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Shop at Map Ref: 51.52B, Village of Blanchardstown, Navan Road, Ward:
Blanchardstown - Roselawn, R.D. Dublin - Fingal, Co. Dublin
Quantum - Method of Valuation

B E F O R E

Henry Abbott

S.C. Chairman

Veronica Gates

Barrister

Brian O'Farrell

Valuer

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 28TH DAY OF MARCH, 1994

By Notice of Appeal dated the 11th day of August, 1993 the appellant appealed against the determination of the Commissioner of Valuation in fixing a Rateable Valuation of £700.00 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the valuation is excessive and inequitable having regard to the provisions of the Valuation Acts and on other grounds also".

The Property

The premises comprises a two storey building with single storey extensions to the side and rear which have been added over the past twenty years. The original two storey building is constructed with rubble masonry walls. Access is from the rear car park shared with a supermarket premises at the rear and the off-license part of the subject also opens into the supermarket/shopping centre car park at the rear.

Valuation History

The property was first assessed in 1948 at £60.00. After the reconstruction of the premises in 1977 the R.V. was increased to £500.00 and reduced to £460.00 on appeal. The 1991 phase 3 revision resulted in the valuation increasing from £460.00 to £700.00.

Location

The premises are situate on the south side of Main Street, Blanchardstown six miles northwest of the city centre.

Written Submissions

Mr. Raymond Ward FRICS, ACI ARB, Chartered Surveyor and Director of Lisney submitted a précis of evidence on the 3rd March, 1994 on behalf of the appellant. Mr. Christopher Hicks, Appeal Valuer submitted a précis of evidence, on behalf of the Respondent on the 7th February, 1994. These précis were supplemented by a set of photographs of various competing premises in the neighbourhood of the subject and by a summary of annual turnover prepared by Oliver Freaney & Company, Chartered Accountants dated the 4th March, 1994, on behalf of the appellant.

Mr. Ward in his precis set out his calculation of the R.V. on the subject premises using the square foot and turnover bases as follows:-

"Square Foot Basis:

	<u>Sq.Ft.</u>	<u>P.S.F.</u>	<u>TOTAL</u>
<u>Ground Floor</u>			
Lounge Bar/Off Licence	4,995	@ £12	£59,940
Stores and Ancillary	1,501	@ £4	£ 6,004
<u>First Floor</u>			
Staff Rooms	424	@ £2	£ 848
<u>Basement</u>			
Stores	1,183	@ £2	<u>£ 2,366</u>
Total			£69,000

Capital Value of Licence	Say, £70,000	
Annualized @ 10%		£ 7,000
Total Net Annual Value		£76,000
Reducing Factor to translate NAV into RV =	0.63%	
Rateable Valuation £76,000 X 0.63% =	RV£475	

Turnover Basis:

(1) Pub	
Average Turnover for three years 1989/91	£727,743
Net Annual Value Say, 7.5% of Turnover	£55,000

(2) Shop (trading as Off Licence)	
Ground Floor:	
- Zone A	300 sq.ft. @ £25
- Zone B	515 sq.ft. @ £12.50
- Zone C	616 sq.ft. @ £6.25
Basement Stores	585 sq.ft. @ £2

Net Annual Value **£19,000**

Total Net Annual Value of Entire	£74,000
Reducing Factor	0.63%
Rateable Valuation £74,000 X 0.63%	£465"

Mr. Hicks supplemented his précis by three further pages of analysis of comparisons adduced in *VA93/3/022 - Parecis Enterprises Limited (Mountain View Inn)* heard on the 31st January, 1994 and also comparisons in relation to purchase price and rent analysis of Quinns of Drumcondra, The Shamrock Lodge of Finglas Village and Mulhuddart House of Blanchardstown. In the written submission Mr. Hicks set out his calculation of the R.V. on the turnover basis as follows:-

"Turnover 1988	=	£685,242	
(on sales and food)	@ 12%	=	N.A.V. £82,229
Add 10% for improvements since 1988	=	N.A.V.=	£90,452
Off Sales say £250,000	@ 10%	=	<u>£25,000</u>
		N.A.V.=	£115,000
	£115,000 @ 0.63%	=	£725.00

R.V. as on Revision = £700.00"

Oral Hearing

The oral hearing took place in Dublin on the 7th day of March, 1994. Mr. Raymond Ward appeared on behalf of the appellant and Mr. Christopher Hicks appeared on behalf of the respondent.

Mr. Kevin Molloy, Managing Director of the Molloy Group, owners of the subject, gave evidence, as did Mr. Pat Kelly F.C.A., Financial Controller of the Molloy Group.

Mr. Molloy and Mr. Kelly gave evidence in relation to the situation and the development of the premises, and of the competition arising from the development over the last 10 years of many competing premises some of which have been new licences. Mr. Ward challenged the basis of Mr. Hicks assessment of N.A.V. as a percentage of turnover and asserted that the rule of thumb percentage of 7.5% was the more acceptable one.

Mr. Hicks gave his evidence along the lines of his précis and considerable debate ensued in relation to the validity of the approach used by Mr. Hick's in calculating the N.A.V. of the subject. The appellant queried in particular the validity of the use of 'so called' letting agreements where the premises were not available for letting on the open market and where, in many instances, the letting agreements were a type of internal management agreement. It emerged that the mark-up of the Molloy Group was relatively high and that the elimination of the restaurant trade back to a type of pub grub service resulted in an improvement in the gross margin less wages.

Findings

The Tribunal finds:-

- (a) The premises probably has suffered a downturn in buoyancy due to the increase in the number of licensed premises and upgrading of similar licensed premises in the immediate area.
- (b) The Tribunal finds that there is an increasing tendency towards the letting of licensed premises in the greater Dublin area in recent years and that *prima facie* such rents indicate that rents are in the region of 15% of turnover and sometimes approach 20% of turnover.

- (c) The Tribunal is reluctant to accept the emerging phenomena of public house lettings as a true guide to N.A.V. by reason of the undefined nature of this market and indications that same are very often more in the nature of management agreements with possible spin-off effects not usually associated with lettings such as are found in the commercial, retail and office markets.

The Tribunal has found that the recently revised comparisons of licensed premises in the Blanchardstown/Castleknock/Mulhuddart/Clonsilla areas set out in the appellant's précis are of assistance in establishing a tone of the list in the area.

The Tribunal accepts the zoning approach of the appellant in relation to the off licence part of the subject.

Having regard to the foregoing circumstances and the evidence and comparisons offered by all of the parties the Tribunal finds that the valuation of the subject premises is £530.00 and so determines.