

Appeal No. VA94/1/014

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

Mary O'Neill t/a O'Deas Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel at Map Reference: 57, Bride Street, Townland: Loughrea (part of), E.D.:
Loughrea Urban North, R.D.: Loughrea, Co. Galway
Quantum - Profits method of valuation, potential of premises

B E F O R E
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F.R.I.C.S. M.I.A.V.I.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 8TH DAY OF NOVEMBER, 1994

By Notice of Appeal dated the 3rd day of May, 1994 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £160 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 consists of a three storey hotel in Bride Street, Loughrea, on the main Dublin to Galway Road.

The accommodation comprises:-

Ground Floor - Bar/Lounge (60 seats)
 Restaurant (32 covers)
 Function Room (180)

Upper Floors - 13 Guest Bedrooms (with shower and w.c.)
 2 Staff Bedrooms (WHB)

The main premises consists of 19th Century house. The property was extended and refurbished in approximately 1981/1982. A new function/disco, kitchen and lounge were added.

It reopened as a hotel in 1982. In 1988/1989 a two storey extension was erected containing a ground floor lounge with two bedrooms over. At date of appeal in 1992, the hotel was a Grade B*.

Valuation History:

The current assessment, R.V. £160, was made in May 1992 and increased from the 1985 valuation of £115. No change was made at First Appeal.

Written Submissions:

A written submission was received on the 23rd September, 1994 from Mr. Des Killen, F.R.I.C.S., I.R.R.V., a Fellow of the Chartered Surveyors in the Republic of Ireland and a Director of Donal O'Buachalla & Company Limited, on behalf of the appellant.

In his written submission Mr. Killen described the premises and its valuation history. Mr. Killen said that in the absence of rental values and comparisons, he had provided a rateable valuation based on the accounts. Mr. Killen's assessment of rateable valuation on this basis was as follows:-

Average Rent	£29,883
Adjusted to 1988 (less 15%)	£25,358
R.V.	£125

A written submission was received on the 5th October, 1994 from Mr. John Smiley of the Valuation Office, on behalf of the respondent.

In the written submission, Mr. Smiley described the property and its location. Mr. Smiley set out his calculation of the rateable valuation on the subject as follows:-

1) Valuation Method - Per Square Foot

Bedrooms	Ensuite	Grade	N.A.V. per sq.ft.	R.V.	
Mary O'Neill t/a O'Dea's Hotel	13	13	B*	16,180 sq.ft. @ £2.00 = N.A.V. £33,000	£160.00
Comparisons:					
The Castle, Macroon	26	26	B*	20,085 sq.ft. @ £2.85 = N.A.V. £57,242	£285.00
Haydens, Ballinasloe	51	48	A	44,451 sq.ft. @ £3.00 = N.A.V. £132,000	£660.00
The Forest, Ballygar	10	10	B	4,400 sq.ft. @ £2.00 = N.A.V. £8,800	£45 - Determined by Tribunal VA92/2/038

2) Valuation Method - Profits Basis

	1992	1991	1990
Net Profit	£24,783	£22,783	£27,283

	Add Back			
	Rates	£4,220	£2,678	£3,947
	Repairs (norm)	£11,000	£21,000	
	Financial	£18,234	£19,026	£21,471
	Depreciation	£20,466	£12,546	£12,036
Adj. Net Profit		£78,703	£78,033	£64,737

Average adjusted net profit	=	£73,824
Tenants bid 50%	=	£36,912
Available for rent and rates 50%	=	£36,912
Deduct for rates {36,912/1.125}	=	£32,810
N.A.V. £33,000 x 0.5%	=	£165.00
R.V.	=	£160.00

Oral Hearing:

At the oral hearing which took place in Galway on the 20th October, 1994 Mr. Des Killen of Messrs. Donal O'Buachalla & Company Limited appeared on behalf of the appellant. The respondent was represented by Mr. John Smiley of the Valuation Office.

Mr. Killen, referring to his written submission pointed out that in the absence of comparative rental evidence, the best method of arriving at rateable valuation was by using the profits basis.

He pointed out, with reference to Mr. Smiley's submission that no adjustment had been made to relate to 1988 figures.

He further pointed out that in Mr. Smiley's analysis of the profits basis, he had added back for the years 1991 and 1992 figures relating to repairs. Mr. Killen submitted that in view of the fact that this hotel was over 200 years old and hence in constant need of repair, these figures should not have been so added back.

Mr. Killen submitted that the appellant was competing for bar trade against approximately 35 to 40 other licensed premises in the town of Loughrea. He pointed out that the main bar

income in the subject hereditament came from discos and functions and could not be described as a normal bar trade.

Mr. Smiley submitted that in his view anything over the norm was a capital cost and should not be included in a profit and loss account, and for that reason he contended that his figures for repairs were correctly added back in his analysis.

He submitted that a figure of £2 per square foot was not excessive for an hotel, particularly when that hotel was the only one in the town.

Mr. Smiley submitted that Mr. Killen should not have included in his submission figures for 1993, since this was a 1992 appeal. In reply, Mr. Killen conceded the point and agreed that the figures for 1993 should be disregarded. Mr. Smiley went on to say that in his view part of the reason for the relatively low turnover of the subject premises could be attributed to what he would describe as poor management and indifferent service.

Findings:

Mr. Smiley did not seem to dispute Mr. Killen's contention that the net annual value for the subject premises should be adjusted back to a 1988 figure. He did appear however to challenge the 15% which Mr. Killen had attributed to such adjustment.

The Tribunal notes the evidence in relation to the age of the premises and for that reason feels that a certain amount of expenditure in relation to repairs might be correctly included in a profit and loss account.

In the absence of incontrovertible evidence to the contrary, the Tribunal accepts Mr. Killen's estimate of adjustment of net annual value back to 1988.

The Tribunal notes Mr. Smiley's submission that the subject premises may not be managed in such a way as to exploit their full potential. Nonetheless the subject is undoubtedly a small family run hotel in a town which would not generally be regarded as a major stopover, although it is on the main Dublin Galway Road.

In the circumstances and taking into account all of the evidence adduced the Tribunal is of the opinion that the correct rateable valuation of the subject hereditament is £140 and so determines.

