

Appeal No. VA94/3/001

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

Amisfield Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel, Golf Pavilion, Sports Complex, Stables, Manager's House, 2 Gate Lodges,
Stores and Offices at Map Ref: On 1, Townland: Straffan Demesne, E.D. Straffan, R.D.
Celbridge 1, Co. Kildare
Quantum - Method of Valuation

B E F O R E

Paul Butler

S.C. (Acting Chairman)

Brian O'Farrell

Valuer

Fred Devlin

F.R.I.C.S. A.C.I. Arb.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF JUNE, 1995

By Notice of Appeal dated the 11th day of October, 1994 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £7,250 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 is situated to the south of Straffan village in Co. Kildare approximately 15 miles southwest of Dublin. Straffan village is a small rural hamlet located on a minor county road about 6 miles south of the main Dublin-Galway road at Maynooth and about 4 miles north of the main Dublin-Cork road at Kill. The Celbridge to Clane Road is about 1 mile to the north. The surrounding countryside is mainly agricultural in nature.

The property comprises an estate of about 325 acres with a frontage to the Straffan-Kill Road along its eastern boundary and a frontage to a minor road along its northern boundary.

Formerly used as a private residence and stud farm the estate has recently been laid out to comprise a luxury hotel and country club.

The hotel itself is the principle structure on the site and consists of the original Georgian designed Straffan House and later extensions together with a large new Neo-Georgian extension to the west. The original house is now known as the East Wing, the new extension as the West Wing and these are linked by a new three level lobby with Georgian style staircase. The original Doric column granite portico entrance of Straffan House has been moved to this central lobby area. The original structure is of stone and rubble masonry construction under a pitched and slated "Mansard" style roof and timber floors. The new structure is very similar in aspect and outline but is of concrete block construction.

The property comprises 42 bedrooms in the main hotel with a further 3 apartments being incorporated from the adjoining courtyard, giving a total of 45 bedrooms. Of the 42 bedrooms in the main hotel 8 are or can be converted to sitting room suites and can incorporate either one or two suites as demand arises.

Ancillary and additional accommodation on the ground floor includes:-

Entrance, Lobby and Foyer with reception desk and elevators, Restaurant/dining room with cocktail bar attached, Breakfast room with kitchen, Boardroom, Morning room,
Library and Drawing room - the latter four also function as conference rooms,
Main kitchens with food stores and staff dining and toilets, Service yard.

A single storey extension contains managerial and administrative offices and a laundry room at this level also. The basement is in two non-connecting sections and contains further staff

changing and dining areas, boiler rooms, stores, wine stores, safe, etc.. The basement at the East Wing extends out to garden level to include the swimming pool and health club complex. This section also contains a reception area, lounge, changing rooms, hair salon, gym, sauna and steam rooms and beautician room. The first and second floors are entirely bedroom accommodation.

The golf pavilion is an entirely new structure located close to the northern entrance gate which provides the main access to the golf club. There is car parking for 40 cars with an overflow car park nearby.

The licence attached to the hotel now extends to cover the golf pavilion as opposed to being separately licensed under a more normal club licence.

The sports complex is located in part of the old walled garden which itself extended to about 5 acres. The building is in the course of construction at the moment but is deadlined for completion by November, 1995. When completed it will provide for two international standard indoor tennis courts together with squash court, sauna, gym/exercise area, male and female changing rooms, reception and atrium. There are two further all weather outdoor tennis courts with viewing patio adjoining.

Both parties have agreed floor areas as follows:-

Hotel	61,797 sq.ft.
Three Courtyard Apartments	4,200 sq.ft.
Ancillary Offices	3,700 sq.ft.
Golf Clubhouse	14,400 sq.ft.
Sports Centre	19,322 sq.ft.
Golf Club Stores	6,000 sq.ft.
Stable Yard Stores	3,000 sq.ft.

Valuation History:

Prior to 1983 revision the property was described as "House, two gate lodges, offices and land" with an R.V. of £150.00 on buildings. Following the 1983 revision the R.V. was increased to £330.000 to take into account the fact that the house had been extensively refurbished and extended to include a new three storey extension to the main house.

The property was listed for revision in 1991 to value "hotel and sports complex" and the R.V. was increased to £7,250 to take account of major extension and alterations to the main

building and conversion to a modern hotel, refurbishment of the old ancillary buildings, and the addition of a modern leisure complex, plus a new golf pavilion.

An appeal was lodged to the Commissioner of Valuation and no change was made to the R.V. at First Appeal. It is against this valuation that an appeal now lies to the Tribunal.

Written Submissions:

A written submission was received on the 20th March, 1995 from Mr. Des Killen, FRICS IRRV, a Fellow of the Society of Chartered Surveyors and a Director of Donal O'Buachalla & Company Limited on behalf of the appellant. In his written submission, Mr. Killen set out the description of the property and its valuation history. He also said that he had agreed with Mr. Cuddihy the square footage of the buildings being valued.

Mr. Killen said that in the absence of actual rental evidence the following remain:-

- (1) Contractor's Basis
- (2) Accounts Method
- (3) Comparative Method

Commenting on the above, he said that:-

(1) **Contractor's Basis**

_____ The type of properties to which this basis of valuation applies are educational establishments, local authority properties, commercial private hospitals, airports, sports centres and industrial properties. It is generally regarded as the "last resort" but still is an accepted method.

(2) **Accounts Basis**

_____ Mr. Killen submitted an Appendix B which set out the accounts and an accounts valuation for the subject of RV £200.00.

(3) **Comparative Basis**

_____ Mr. Killen considered the N.A.V./R.V. established on the properties listed below, some of which had come before the Tribunal. These included:-

A. HOTELS

VA93/1/009 - Castletroy Park Hotel.

N.A.V. £340,000

R.V. £1,700

Devalues at:- 98,364 sq.ft. @ £3.45 psf

VA89/149 - Dromoland Castle

N.A.V. £298,000

R.V. £1,500
Devalues at:- Hotel 96,648 sq.ft. @ £2.90 psf

Adare Manor, Adare, Co. Limerick

N.A.V. £290,000
R.V. £1,450
Devalues at:- 91,521 sq.ft. @ £3.05 psf

Ashford Castle Hotel, Cong, Co. Mayo

N.A.V. £350,000
R.V. £1,750
Devalues at:- 100,310 sq.ft. @ £3.50 psf

Conrad Hotel, Dublin

N.A.V. £952,380
R.V. £6,000
Devalues at:- Hotel 148,220 sq.ft. @ £5.75 psf

VA92/6/119 - Sheen Falls Hotel, Kenmare, Co. Kerry

N.A.V. £200,000
R.V. £1,000
Devalues at:- 85,177 sq.ft. @ £2.35 psf

Park Hotel, Kenmare, Co. Kerry

N.A.V. £125,000
R.V. £625
Devalues at:- 45,974 sq.ft. @ £2.75 psf

B. LEISURE FACILITIES

Malahide Golf Club, Co. Dublin

N.A.V. £55,550
R.V. £350.00

St. Margaret's Clubhouse, Co. Dublin

N.A.V. £54,000
R.V. £340.00

VA91/4/005 - Riverview Sports Club, Clonskeagh, Dublin

N.A.V. £476,000
R.V. £3,000

Killarney Golf Club, Co. Kerry

1991/3 First Appeal]
1989/3 First Appeal]
N.A.V. £60,000
R.V. £300

Taking all of the above into consideration Mr. Killen assessed rateable valuation on the comparison basis as follows:-

A.	Hotel	61,797 sq.ft.	@	£4.00	=	£247,188	
B	Clubhouse	14,400 sq.ft.	@	£3.50	=	£ 50,400	
C.	Sports Centre	19,322 sq.ft.	@	£3.50	=	£ 67,627	
D.	3 Apartments	4,200 sq.ft.	@	£5.00	=	£ 21,000	
E.	Stable Yard Store	3,000 sq.ft.	@	£1.00	=	£ 3,000	
F.	Golf Course Buildings	6,000 sq.ft.	@	£1.00	=	£ 6,000	
G.	Ancillary Offices	3,700 sq.ft.	@	£3.00	=	<u>£ 11,100</u>	
						£406,315	
						Say	£410,000
						R.V.	£2,050

Mr. Killen submitted that the comparison basis was the most suitable method in keeping with *Roadstone -v- Commissioner of Valuation* to produce the required result.

A written submission was received on the 21st March, 1995 from Mr. Tom Cuddihy a District Valuer with 28 years experience in the Valuation Office on behalf of the respondent. In his written submission, Mr. Cuddihy described the property, its valuation history and said that parties had agreed floor areas as set out above.

Mr. Cuddihy said that he had considered the three most widely used methods of valuing hotels and commented as follows in this regard:

(1) **The Accounts Method**

Mr. Cuddihy said that this method is suitable where a hotel was well established and trading for a number of years.

(2) **Comparative Method**

Mr. Cuddihy said that this method is only suitable when there are similar properties available for comparative purposes. He said that K-Club had positioned itself at the top of the market in both standard of service, accommodation and price and that this was reflected in its 5 star rating. He also indicated that the only possible premises approaching this level of accommodation would be VA94/3/009 - Mount Juliet Estates -v- Commissioner of Valuation, currently the subject of an appeal to the Tribunal.

(3) **Investment Method**

Mr. Cuddihy regarded the best method of determining rateable valuation to be the Investment Method. He said that it had been widely accepted by the Tribunal and in the resolution of First Appeals in the hotel sector.

Taking all of the above factors into consideration, Mr. Cuddihy set out his calculation of the rateable valuation on the subject property as follows:-

Estimated Capital Value	-	Say £15m	
@ 9½% yield =	£1,425,000		
		x 0.5% =	£7,125
		R.V. =	£7,250

Oral Hearing:

The oral hearing took place in Dublin on the 31st March, 1995. Donal O'Donnell, Barrister-at-Law instructed by Messrs. William Fry, Solicitors appeared on behalf of the appellant and Aindrias O'Caoimh Senior Counsel instructed by the Chief State Solicitor appeared on behalf of the respondent. Mr. Paul Crowe and Mr. Des Killen gave evidence on behalf of the appellant and Mr. Tom Cuddihy gave evidence on behalf of the respondent.

After Mr. O'Donnell opened the appeal Mr. Crowe, Financial Controller of the appellant since April, 1991 and a certified Accountant, gave evidence. He said, *inter alia*, that the "K-Club" was established to give some kind of a public face to the Smurfit Group. It was a long term investment, the pay back being expected in a period of up to 12 years. A substantial amount of this pay back would come from real estate activities such as the selling of houses and apartments. He said that the enterprise had incurred substantial losses since day one. He referred to extracts from the accounts. Mr. Killen referred in detail to his written submissions.

Mr. Cuddihy also referred to his written submissions. He said that you could not look at this property as just being an hotel per se. He would be reluctant to take the individual items because this complex has to be taken as a whole. It is greater than the sum of its facilities.

In closing, Mr. O'Donnell said that the investor's method has little or no justification. Mr. O'Caoimh argued that of the comparisons none had a direct bearing on this premises. He said that in using the contractor's theory depreciation does not apply.

Determination:

While accepting Mr. Cuddihy's arguments that the subject premises must be looked at as a whole and that the sum thereof is greater than the sum of its individual components, the Tribunal proposes to determine rateable valuation on the basis set forth on page 9 of Mr. Killen's written submission but it has increased some of the individual figures therein mentioned to take into account Mr. Cuddihy's said view.

Rateable valuation is, therefore, determined at £3,400 as follows:-

A.	Hotel	61,797 sq.ft.	@	£8.00	=	£494,376
B.	Clubhouse	14,400 sq.ft.	@	£5.00	=	£ 72,000
C.	Sports Centre	19,322 sq.ft.	@	£4.00	=	£ 77,288
D.	3 Apartments	4,200 sq.ft.	@	£5.00	=	£ 21,000
E.	Stable Yard Store	3,000 sq.ft.	@	£1.00	=	£ 3,000
F.	Golf Course Buildings	6,000 sq.ft.	@	£1.00	=	£ 6,000
G.	Ancillary Offices	3,700 sq.ft.	@	£3.00	=	<u>£ 11,100</u>
						£684,764
				RV	=	£3,423
				Say RV	=	£3,400