

Appeal No. VA94/3/010

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

Westlodge Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed hotel and land at Map Ref: 1C, Townland: Seafield, E.D. Bantry Urban, R.D.
Bantry, Co. Cork
Quantum - Location

B E F O R E
Mary Devins

Solicitor (Acting Chairman)

Brian O'Farrell

Valuer

Joe Carey

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

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 12TH DAY OF MAY, 1995

By Notice of Appeal dated the 20th day of October 1994 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £840.00 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-
The valuation is excessive, inequitable and bad in law.

The Property:

The property is a ninety six bedroom three star hotel on an elevated site one mile from Bantry town centre and overlooking Bantry Bay. It was first opened in 1970 and has been substantially added to since then. A leisure centre is separately valued.

Due to the nature of the site, buildings are at three different ground levels referred to by the owners as low level, entrance level and upper level. The buildings comprise a mix of single, two and three storey structures.

Construction is generally of concrete and glazed walls, asbestos slate tiles, timber and felt roof coverings. Stores are roofed with corrugated iron.

Additions built about 1978 included a swimming pool building, squash court, extensions to the bar, stores and toilets. Substantial additions were carried out in 1981/82 and comprised thirty bedrooms, snooker room, extra staff rooms and a squash court.

Additions carried out since 1983 comprise a canopy at front, enlargement of foyer, incorporation of portions of former entrance level balconies in the dining room, construction of a link building, toilets, staff rooms and roof repairs .

Valuation History:

The property was first valued as a complete building at £650.00 in 1971 and reduced to £535.00 on appeal. A Circuit Court appeal was made in 1973 and the rateable valuation was reduced to £500.00. After 1982 First Appeal the valuation was £780.00.

The valuation was increased to £840.00 on 1993/4 revision and was not reduced at First Appeal. It is against the valuation of £840.00 that this appeal lies to the Tribunal.

Written Submissions:

A written submission was received on the 13th day of April 1995 from Mr. Patrick J. Nerney, Valuation Consultant, acting on behalf of the appellant. In his submission Mr. Nerney gave a detailed description of the property and he also set out the valuation history. Copies of accounts for 1992 and 1993 are attached to Mr. Nerney's submission as requested by the Valuation Officer. Mr. Nerney submitted that while the comparative method of valuation is in general more commonly used, he proposed to also use the profits/market value methods in the current appeal and he set out his valuation based on these three methods as follows:

A. Valuation based on Profits

	<u>1992</u>	<u>1993</u>
Average adjusted annual nett profit for the two years 1992/1993	£190,000	
Take 50% for rent	£ 95,000	
Rateable Valuation £95,000 @ 0.5%	£ 475	

B. Valuation relative to Market Value

Estimated Market Value adjusted to 1988 level	£1,100,000
Nett Annual Value £1,100,000 @ 9%	£ 99,000
Rateable Valuation £99,000 @ 0.5%	£ 495

C. Valuation on Comparative Basis

Hotel buildings area 60,855 square feet	
Staff accommodation 6,500 square feet	66,855 square feet
Nett Annual Value 66,855 @ £1.75 per square foot	£116,996
Rateable Valuation £117,000 @ 0.5%	£ 585

Mr. Nerney submitted that in his opinion a fair rateable valuation for the property would be £550.00.

By way of general comment in his submission, Mr. Nerney referred to drawbacks and other matters which were pertinent to the subject premises. He also attached a copy layout plan of the buildings and a schedule of hotel valuations. He also stated that there were no other hotels in the Bantry area approaching the size of the subject.

A written submission was also received on the 13th of April 1995 from Mr. Terence Dineen, District Valuer, with twenty years rating experience in the Valuation Office. In his submission, Mr. Dineen also described the property and set out the valuation history as referred to above. He also referred to refurbishments carried to the hotel between 1982 and 1993 and set out the costs of these alterations. Mr. Dineen also included in his submission a

breakdown of the rateable valuation of £840.00 by two methods i.e. Rental Method and Capital Method as follows:

A. Rental Method

		Old Valuation	£780.00
Foyer	1,501 square feet}		
Dining room	484 square feet}	- 3,036 @ £3.00=	£9,108
Passage/toilet	1,501 square feet}		
Entrance Canopy		656 @ £1.00 =	<u>£ 656</u>
			£9,764
		Say £10,000 @ 0.5% =	£50.00
Staff quarters	760 square feet @ £2.00	=	£1,420
N.A.V.	£1,420 x 0.5% =	<u>£ 7.00</u>	
			£57.00
	Increase, say		<u>£ 60.00</u>
	Total		£840.00

B. Capital Method

Costs of extensions	£176,000 x 8%	=	£14,080
N.A.V. x 0.5%		R.V. =	£ 70.00
		Say =	£ 60.00
		O.V. =	<u>£780.00</u>
		R.V. =	£840.00

Commenting on overall valuation, Mr. Dineen stated that this hotel is in the larger bracket of hotels having ninety six bedrooms and a gross size of 66,855 square feet. The square foot N.A.V. is £2.51. He said that this seems to be the lowest level of value for three star hotels in Cork, as per the following chart extracted from his submission:

N.A.V. per square foot	High Season, B & B p.p.s. 1995	
Castle Hotel, Macroom	£2.85	£30.00
Rochestown Park, Cork	£3.82	£45.00
Midleton Park	£2.89	£42.50
Blarney Park	£3.62	£45.00

Westlodge

£2.51

£40.00

Mr. Dineen also provided in his written submission a chart of capital values of various hotels. Mr. Dineen stated that he did not favour the profits method of valuing hotels and in this case the revision and first appeal were dealt with in its absence.

Oral Hearing:

At the oral hearing which took place in Cork on 25th April 1995, Mr. Patrick J. Nerney, Valuation Consultant appeared on behalf of the appellant. The respondent was represented by Mr. Terence Dineen of the Valuation Office.

Mr. Nerney submitted that the subject property when first built, was valued on a comparative basis to hotels and property in Cork city and neighbouring Killarney. He said that the valuation placed on the property in 1982 was too high, considering the hotel's rural location.

Mr. Nerney also pointed out that all previous valuations on the subject had been assessed on the square metre basis and should be looked at afresh.

Referring to Mr. Dineen's reference in his précis to "turnover being on the low side" Mr. Nerney refuted any suggestion that the owners were not achieving the maximum profits possible.

Mr. Dineen, in referring to the hotel's location submitted that its very isolation might in fact help trade.

He referred the Tribunal to the decision in a Scottish case - **Scottish Exhibition Centre Limited V Strathclyde Region Assessor, Court of Session 1992** and submitted that while he would not entirely disclaim the use of the profits method, he felt that the method should be used with caution.

Mr. Dineen referred further to the comparison of capital values at page 7 of his précis and submitted that the average sale price per square foot of these comparisons indicated the true capital value of the subject.

Determination:

Allowing for some minor differences the parties seemed to be agreed on figures extrapolated from the accounts for 1992/1993. Referring to his comparisons on page 6 of his précis, Mr. Dineen stated that the B & B rate achieved by any hotel was a quality assessment by Bord Failte. He pointed out that the subject's N.A.V. per square foot was the lowest of all the comparisons.

The Tribunal is satisfied that the subject hotel is being managed and marketed to achieve its maximum potential.

The location of the hotel would not seem to be advantageous. It is located outside the town of Bantry without benefit of any local bar/catering trade.

The converse effect of its location vis-à-vis Killarney and Cork city is that while it might be considered appropriate to value it on a comparable basis with hotels in most areas, it is competing for business with the ever increasing number of hotels in the Kerry area.

In the circumstances and in the light of all the evidence adduced, the Tribunal determines the correct R.V. of the subject premises at £800.00.