

Appeal No. VA94/3/026

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

Duggan Steel (Ireland) Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and yard at Map Ref: 5b Dublin Road, Townland: Middleknock, E.D. Kilkenny
Rural, R.D. Kilkenny, Co. Kilkenny
Quantum - Comparisons

B E F O R E

Paul Butler

S.C. Chairman

Veronica Gates

Barrister

Fred Devlin

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

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 6TH DAY OF MARCH, 1995

By Notice of Appeal dated the 26th day of October 1994 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £550 on the above described hereditament.

The grounds of appeal are that the valuation is excessive and inequitable, having regard to the provisions of the Valuation Act and on other grounds also.

The Property:

The property comprises a purpose built, single storey standard type industrial building. It has a ceiling height of approximately 30 feet. The main warehouse building is of steel portal frame construction with a reinforced concrete floor, part reinforced concrete and concrete walls to 6 feet with double skin insulated panel above and double skin insulated steel deck roof.

Access to the site is provided via a service road to the side which leads directly onto the public roadway which is the main Dublin/Kilkenny road.

The ancillary buildings used as offices, canteens and stores are constructed with concrete block walls, fair faced brick cavity walls, painted concrete floor and lean-to metal deck roof. Eaves height is c. 8 feet.

Valuation History:

The complex was first valued in 1980 as a new purpose built factory for the manufacture of roofing and cladding for industrial buildings. It was built on a green field site. The current valuation is the result of a series of extensions and improvements to the complex since then. There is currently a further extension in progress which will more than double the floor area of the factory and is due for revision next year.

An analysis of the original R.V. £290 yields the following N.A.V.:

Factory & Offices	-	18546 square feet @ £2.50 per square foot	=	£46,500
Storage yards	-	47728 square feet @ £ 25p per square foot	=	<u>£11,500</u>
		Total	=	£58,000
N.A.V. say £58,000 x 0.5%		O.V.	=	£290.00

Tenure:

Premises are held freehold.

Written Submissions:

A written submission was received on the 27th February 1995 from Mr. Thomas Davenport, A.R.I.C.S., Chartered Surveyor, Lisney, Surveyors and Estate Agents, on behalf of the appellant. In the written submission, Mr. Davenport described the property and gave its accommodation as follows:

Lean-to reception/offices	1,500 square feet
Lean-to canteen/stores	2,335 square feet
Main Warehouse building	30,000 square feet
Storage yards	37,340 square feet

Mr. Davenport set out a number of factors effecting value which are summarised below:

- 1) the building is a basic warehouse building in use as a steel stockist, constructed about 15 years ago. There is no heating in the main warehouse building. The original construction costs of the building, including all site development costs, was £347,000, which equates to £17 per square foot. The most recent extension constructed in 1992 of about 8,500 square feet cost £90,000 (£10 per square foot).
- 2) The office accommodation is totally inadequate and suffers from a distinct lack of natural lighting.
- 3) Although the property has main road frontage, the building is set back 100 feet from the public roadway.

Mr. Davenport said that it was the intention of Kilkenny County Council Planning Department to limit the profile of the building as much as possible. He set out a number of conditions effecting the profile of the subject building.

- 4) The building is a basic industrial unit and the principal of "Rebus Sic Stantibus" must apply.
- 5) The activity being carried on is purely industrial. The building was specifically designed and constructed as a steel stockholding facility in conjunction with the business of the importation, storage and distribution of steel.

Mr. Davenport argued that the business activity generated by Duggan steel was not increased because of its location directly onto the public roadway as it did not depend on passing traffic.

Mr. Davenport set out his estimate of the net annual value and rateable valuation on the subject premises as follows:

Estimate of Net Annual Value:

	Area (sq.ft.)	Rate (p.s.f.)	Total
Offices	1,500	£2.00	£ 3,000
Stores	2,335	£1.00	£ 2,335
Warehouse	30,000	£1.25	£37,500
Yard	37,000		say £ 4,000
Total Net Annual Value			£46,835
			say £47,000

Estimate of Rateable Valuation:

Estimate net annual value as at November 1988		£47,000
Reducing factor to translate NAV into RV		0.5%
Rateable Valuation	$£47,000 \times 0.5\% = R.V.$	£235

Mr. Davenport offered comparisons within the I.D.A. Industrial Estate in Kilkenny and from other industrial locations throughout the country. These are summarised below:

1) Kilkenny People Limited, I.D.A. Industrial Estate, Purcell's Inch, Kilkenny.

The property was the subject of a 1990/1 Appeal and a subsequent Valuation Tribunal Appeal VA91/1/3.

Rateable Valuation agreed at RV £375.

Analysis

	Area (sq.ft.)	Rate £ p.s.f.
Offices	4,297	2.50
Warehouse	32,952	1.50

2) Tex Print, I.D.A. Industrial Estate, Kilkenny (Former Fieldcrest Complex).

The rent was reviewed as at 1st February 1989, and agreed at IR£24,500 per annum which devalues as follows:

Area (sq.ft.)	Rate £ p.s.f.
--------------------------	--------------------------

Warehouse	14,000	1.75
-----------	--------	------

3) W. & H. Steel and Roofing Systems, Castlecomer, County Kilkenny.

Located on the outskirts of Castlecomer, on the eastern side of the main Dublin/Kilkenny Road.

A substantial complex of buildings, totalling about 50,000 square feet of offices and warehouses with extensive concreted yards on a site area of about 6.5 acres.

Rateable Valuation £300 - 1993/1 Revision.

The entire property was sold in July 1993 for IR£160,000 representing IR£3.25 per square foot capital value, or 46p per square foot rental value.

4) Heatlogs Limited, Tullamine, Callan, County Kilkenny.

The property is situated 3 miles north of Callan on the Clonmel Road.

Property sold in late 1994 for IR£150,000, equivalent to £3 per square foot capital value or 40p per square foot rental value.

5) Factory at Bagnelstown, County Carlow.

Modern engineering workshop, situated 0.25 mile from Bagnelstown on the Myshall Road. Capital value equates at IR£4.80 per square foot or 70p per square foot rental value.

6) Former Williams Group Factory At Charleville Road, Tullamore.

Sold by Lisney in 1991 for IR£450,000. The property is conveniently located a short distance from the town centre on the west side of the Birr Road, adjoining the railway station. Capital value £7.70 per square foot, rental value £1.10 per square foot.

7) Factory at Lisbunny Industrial Estate, Nenagh, County Tipperary.

Modern factory premises including administration offices located on the outskirts of Nenagh. Property sold in December 1989 for IR£276,000. Capital value £12 per square foot.

8) Kayfoam, Woolson, Naas Road, Kilcullen, County Kildare.

Former Irish Rubber Property. Sold mid-1992 for IR£350,000.

Analysis

	Area (sq.ft.)	Rate £ p.s.f.
Offices and Factory	51,169	0.88

9) Brooks Thomas, Naas Road, Dublin 12.

1990/2 Valuation Appeal.

Rateable valuation agreed at RV £1,250. Net annual value at IR£198,000.

Devalues at:

	Area (sq.ft.)	Rate £ p.s.f.
Offices	8,750	3.00
Retail Area	9,416	3.50
Stores	12,500	1.50
New Warehouse	35,668	2.25

10) P.W.A. International Limited, Naas Road, Saggart, County Dublin.

VA93/2/035.

Tribunal judgment as follows:

	Area (sq.ft.)	Rate £ p.s.f.
Offices	11,676	3.75
Factory	54,702	2.50
Stores	1,970	2.25

A far superior building to the subject premises.

11) Gilbeys of Ireland Limited, Western Industrial Estate, Naas Road, Dublin 12.

Just over 4.25 miles south west of Dublin city centre in an industrial estate a short distance from the Naas Road. The property was a subject of a 1991/4 appeal. Rateable valuation £1,250, which Mr. Davenport analysed as follows:

	Area (sq.ft.)	Rate £ p.s.f.
Offices	3,188	3.50
Warehouse	68,882	2.50
Plant Rooms	1,625	1.50

He said the property was sold in late 1992 for £2 million, equivalent to a capital value of £27 per square foot.

A written submission was received on the 20th February 1995 from Mr. Philip Colgan, District Valuer with 27 years experience in the Valuation Office, on behalf of the respondent.

Mr. Colgan described the property and its valuation history. Commenting on the appellant's grounds of appeal, Mr. Colgan said that the difference between the subject premises and the comparisons offered by the appellant is the location. Mr. Colgan said that there was no comparison between frontage onto a national primary route on the edge of the city of Kilkenny and the more rural locations offered by the appellant. He said that the comparisons offered in the old Fielderest factory near the subject premises suffered from the difficulty of being located one mile from the main road and consequently there was difficulty in letting them. He said further that all facilities were shared by a considerable number of occupiers including parking, circulation areas, effluent treatment etc. He said that the appellant's complex is immensely superior. Mr. Colgan said that the subject was a modern industrial building with a roof height of approximately 30 feet with unrestricted circulation inside and reinforced floors. Primarily he said that the appellants failed to recognise the location with extensive frontage onto a national primary route surrounded by industrial and commercial properties such as machinery and car sales businesses gave the subject premises an annual value far in excess of that of any of the comparisons offered. Mr. Colgan suggested that the property would make a record price if it was put up for sale to reflect its obvious potential as an industrial/commercial building. Mr. Colgan set out his assessment of the rateable valuation on the subject premises as follows:

Offices 1,650 square feet @ £3.00 square foot = £ 4,950

Factory	30,000 square feet	@	£2.70 square foot	=	£ 81,000
Stores	2,400 square feet	@	£2.00 square foot	=	£ 4,800
Storage Yards	47,728 square feet	@	40p square foot	=	<u>£ 19,091</u>
					£109,841
N.A.V.	say £110,000 X 0.5%		R.V.	=	£550.00

Mr. Colgan offered four comparisons summarised below:

1) Telecom Eireann 6E.8C/62.63.64.65.66.67 Leggetsrath West (pt of), Kilkenny Rural

1993 Revision

Offices	5554 square feet	@	£3.00 square foot	=	£16,362
Warehouse	3339 square feet	@	£2.50 square foot	=	£ 8,347
Store (open)	1573 square feet	@	£2.00 square foot	=	£ 3,146
N.A.V.	say £110,000 X 0.5%		R.V.	=	£550.00

2) Kelly Machinery 26a Leggetsrath West (pt of), Kilkenny Rural

1993 Revision

Office	941 square feet	@	£3.00 square foot	=	£ 2,823
Parts counter & workshop	9427 square feet	@	£2.50 square foot	=	£23,573
N.A.V.	say £60,000 X 0.5%		R.V.	=	£300.00

3) Stainless Steel Fabrications Limited 4 Leggetsrath West, Kilkenny Rural

1982 First Appeal

1992 Revision

1993 Revision

Offices	2350 square feet	@	£3.00 square foot	=	£ 7,050
Factory/workshops	38500 square feet	@	£2.50 square foot	=	£96,250
New stores rear	6800 square feet	@	£1.50 square foot	=	£10,200
New factory extension					
1993	8806 square feet	@	£2.50 square foot	=	£22,015
N.A.V.	say £142,000 X 0.5%		R.V.	=	£710.00

4) Bowen Water Technology 1AB/5 Purcellsinch, Kilkenny Rural

1992 Revision

Offices	3500 square feet	@	£4.00 square foot	=	£14,000
Workshops	5000 square feet	@	£2.50 square foot	=	£12,500
Stores	2600 square feet	@	£2.00 square foot	=	£ 5,200
N.A.V.	say £32,000 X 0.5%		R.V.	=	£160.00

Finally, Mr. Colgan said that the comparisons he had listed were all in a nearby industrial estate, but would not have the location and all the advantages that the appellant's property had.

Oral Hearing:

The oral hearing took place in Kilkenny on the 6th of March 1995. Mr. Davenport appeared on behalf of the appellant and Mr. Colgan appeared on behalf of the respondent. Mr. Frank Duggan, Managing Director of the appellant company, gave evidence.

Mr. Davenport's evidence was in accordance with the written submissions. He took exception to some of the Commissioners comparisons on the basis that the valuations were the subject matter of appeal.

Mr. Duggan gave a history of the company, its business and location.

Mr. Colgan referred to his written submission and his comparisons. He said that the subject premises was in an excellent location, but he accepted that it was not in the retail business. As to the **Kilkenny People** premises he said that it was inferior to the subject premises and was situated at the back of the Fieldcrest Factory.

The square foot measurements produced by the parties differed somewhat and the same were agreed at the conclusion of the hearing on the basis hereinafter set out.

Determination:

The Tribunal has taken into consideration the comparisons offered and the evidence given. It is satisfied that the **Kilkenny People** premises represents the best comparison, but it is

further satisfied that the same is in an inferior location to the subject premises. Net annual value is determined by the Tribunal as follows:-

Warehouse	30,000 @ £1.75	=	£52,500
Offices	1,575 @ £2.50	=	£ 3,938
Stores	2,367 @ £1.25	=	£ 2,958
Yard	42,534 @ £0.25p	=	<u>£10,633</u>
			£70,029
	Say	=	£70,000
	@ 0.50 %	=	£350.00

Rateable valuation is, therefore, determined at £350.00