

Appeal No. VA95/1/017

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

Hibernian Insurance Company

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Offices at Map Ref: 7.8/A, Main Street, Town of Skibbereen, Townland: Gortnaclohy,
Urban District of Skibbereen, Co. Cork
Quantum - Passing rent and improvements

B E F O R E
Mary Devins

Solicitor (Acting Chairman)

Paddy Farry

Solicitor

Joe Carey

PC.DDSc.DBAdm.MIAVI

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 25TH DAY OF JANUARY, 1996

By Notice of Appeal dated the 7th day of April 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £65 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 comprises ground floor of a three storey premises formerly used as a bank, now in use as offices by the appellant company. It is located at Main Street, Skibbereen.

Skibbereen is 53 miles south west of Cork city and 20 miles from the towns of Clonakilty and Bantry.

Valuation History:

The rateable valuation of £90 was the subject of revision in 1994. Following revision the valuation of the ground floor was fixed at £65 with £25 on the first and second floors. There was no change to the valuation of £65 at First Appeal. This figure is now the subject of appeal to the Valuation Tribunal.

Tenure:

The property is held under a 21 year lease with 5 year reviews from 1st March 1993 at rent of £13,000. The appellant is responsible for rates, repairs and insurance.

Written Submissions:

A written submission was received on the 16th October 1995 from Ms. Sheelagh O'Buachalla, BA, FRICS, ASCS on behalf of the appellant. In the written submission Ms. O'Buachalla described the property and background. Ms. O'Buachalla set out the total floor area as agreed between the parties at 1,013 sq.ft. as follows:-

Main Office	702 sq.ft.
Manager's Office	126 sq.ft.
Canteen/Stationery Store	185 sq.ft.

Commenting on the rateable valuation, Ms. O'Buachalla said that she had had regard to the Valuation Acts and to the valuation of comparisons. She said that the premises was valued on the basis of passing rent which was in line with the general level of valuations attributable to similar type premises in this street.

Ms. O'Buachalla set out her estimate of rateable valuation as follows:-

Zone A	379 sq.ft. @ £13	£4,927
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Zone B	323 sq.ft. @ £6.50	£2,099
Remainder	311 sq.ft. @ £3.25	<u>£1,010</u>
	Total Net Annual Value	£8,036
	@ 0.5% Rateable Valuation	£40.

Ms. O'Buachalla gave details of three comparisons which are summarised below:-

- (1) **VO Lot: 22a.23a Main Street, Skibbereen, Co. Cork**
Rateable valuation £60 (1992/4 First Appeal)

Devalues:

Shop 1:	
Zone A	360 sq.ft. @ £13
Shop 2:	
Zone A	260 sq.ft. @ £13.

- (2) **VO Lot: 28.29/1 Main Street, Skibbereen, Co. Cork**
Description: Off licence and shop
Rateable valuation £60

Devalues:

Zone A	320 sq.ft. @ £13.
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- (3) **VO Lot: 30a Main Street, Skibbereen, Co. Cork**
Description: Shop
Rateable valuation £42 (1992/4 First Appeal)

Devalues:

Shop	500 sq.ft. @ £13.
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A written submission was received on the 12th day of October 1995 from Mr. Liam Cahill, Valuer on behalf of the respondent. In his written submission Mr. Cahill described the property and its location and valuation history as set out above. Mr. Cahill said that in assessing net annual value, the best evidence is the passing rent. He said that the property is held under a 21 year lease from 21st March 1993 at an initial rent of £13,000.

In arriving at the net annual value as at 1st November 1988 regard has to be had to the improvements carried out by the appellant at a cost of £45,000 and to the economic situation at the date of the commencement of the lease. Both rental and market values were severely

depressed due to the currency crisis and the very high interest rates in late 1992 and early 1993. Confidence in the economy was poor. Taking these into consideration, Mr. Cahill estimated net annual value and rateable valuation as follows:-

Estimate of NAV

Rent Passing 3/93: £13,000

Add annual value of improvements

Say: £45,000 divided by 2 @ 10% £ 2,250

NAV of improved premises £15,250

Adjusted to 11/88 - allow 20% increase

£15,250 divided by 1.2 £12,708

NAV Say £13,000

Rateable valuation @ 0.5% £65.00 Rateable valuation

The net annual value of £13,000 devalues:-

Offices: 828 sq.ft. @ £14.00 psf

Canteen & file room 185 sq.ft. @ £ 7.00 psf.

Mr. Cahill gave details of one comparison which is summarised below:-

AIB Bank

Map Ref: 7.8.9.10, Bridge Street, Skibbereen.

This property was subject of appeal to the Valuation Tribunal but agreed at £205 prior to Tribunal hearing. The basis of agreement was as follows:-

Ground Floor 3,300 sq.ft. @ £10.00 psf

First Floor 1,408 sq.ft. @ £ 5.00 psf

Second Floor 1,006 sq.ft. @ £ 1.50 psf.

Net annual value £41,000 @0.5%

Rateable valuation £205.

In relation to this property, Mr. Cahill said that there were very large areas involved, and the premises was off centre compared to the subject premises.

Oral Hearing:

The oral hearing took place in Cork on the 24th day of October 1995 and was resumed on the 3rd day of January 1996. The appellant was represented by Ms. Sheelagh O'Buachalla of Messrs. Donal O'Buachalla & Company Limited. The respondent was represented by Mr. Liam Cahill of the Valuation Office.

Ms. O'Buachalla stressed at the outset that the subject property was not a bank and should not be valued on the same basis as the AIB, Skibbereen which was the only comparative evidence referred to in Mr. Cahill's original written submission. Ms. O'Buachalla referred to comparable properties in Main Street which she submitted should be devalued on a zoned basis and this was not disputed by Mr. Cahill. In response to a request from the Tribunal, Ms. O'Buachalla furnished it with a hand written breakdown of the improvements carried out by the appellant at a total cost of £48,000 approximately.

Mr. Cahill submitted that the Tribunal must have regard to the passing rent and stated that there was only one property in Main Street, Skibbereen which had a passing rent and that was the property referred to at No. 1 on his Schedule of rents. Mr. Cahill said that to the best of his knowledge the latter property was now vacant and that the passing rent would breakdown at about 60% of the subject's rent per square foot.

Mr. Cahill said that approximately £22,500 of the expenditure on improvements should be taken into account in arriving at net annual value and pointed out that this figure was reasonable in light of the fact that Ms. O'Buachalla's estimate in this connection was in the region of £16,600.

Determination:

The Tribunal has had regard initially to the passing rent but has also taken into account the comparative evidence adduced by the appellant in relation to other properties on the main street.

The Tribunal is satisfied that a certain percentage of the expenditure on improvements must be considered in estimating net annual value.

In the circumstances the Tribunal has gone behind the passing rent to arrive at its estimate of net annual value for the subject property.

Taking into account the passing rent together with evidence in relation to improvements and comparable properties, the Tribunal is of the opinion that the correct rateable valuation of the subject premises is £56 and so determines.