

Appeal No. VA95/1/034

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

Nypro Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and offices at Map Ref: 2DC, Townland: Cork Great, ED: Shankill
Shanganagh, RD: Dunlaoghaire - Rathdown, Co. Dublin
Quantum - Comparisons

B E F O R E

Veronica Gates

Barrister (Acting Chairman)

Paddy Farry

Solicitor

Fred Devlin

FRICS.ACI Arb.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 20TH DAY OF NOVEMBER, 1995

By Notice of Appeal dated the 18th day of April 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £1,440 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

"The valuation is excessive and inequitable when rental levels are taken into consideration."

The Property:

The property comprises a plastics factory located in the "Solus" estate in Bray just inside the Dublin County boundary. The building is on the site of an older structure which has been substantially rebuilt.

In general the building is required to be of above average specifications because of the constant use of heavy machinery.

The location of the property is within easy access to the M11 motorway and is surrounded by private housing which is predated by the industrial use of the area. The site itself is quite restricted but there is ample room for expansion to the rear.

Written Submissions:

A written submission was received on the 27th day of September, 1995 from Mr. Tadhg Donnelly, MIAVI of Messrs. Brian Bagnall & Associates, Surveyors & Valuers, Property & Rating Consultants on behalf of the appellant.

In his written submission, Mr. Donnelly set out the description and location of the subject property. Mr. Donnelly also set out the agreed floor areas as follows:-

Offices	6,198 sq.ft.
Quality Control	3,383 sq.ft.
Original Warehouse (double skin asbestos roof built)	25,254 sq.ft.
Clean Room	4,527 sq.ft.
New Production Facility	19,485 sq.ft.
Old Northlight Section	13,245 sq.ft.
Works Offices	1,308 sq.ft.
Pump House	243 sq.ft.

Mr. Donnelly said that in assessing a rateable valuation the following points should be taken into consideration:-

- (1) The property is basically an old property with the new section joining up the two original sections which must affect the optimum value of the overall property.

- (2) Access to the site is via a right of way shared by other occupiers of the Solus Tower

Industrial Estate and therefore parking is restricted.

- (3) Nypro Limited only occupy the site since 1983 when they took over the Solus plastic moulding business. Solus did not charge any rent. When Solus went into receivership in 1985 Nypro Limited were approached by the liquidator to buy the property at the end of their term for £560,000 or pay a lump sum of £450,000 immediately. Nypro Limited opted to pay the lump sum of £450,000.
- (4) The comparison of AT&T International Limited offered by the respondent has a number of glaring differences to Nypro Limited.
- (5) The levels adopted by the Valuation Office on industrial properties in the Bray area.
- (6) Mr. Donnelly said that in his opinion the rateable valuation on the subject property should be assessed taking into account that the management of Nypro Limited had obtained an open market valuation of £1.4m and that the rateable valuation should be calculated as follows:-

Offices	6,198 sq.ft.	@	£3.00	=	£ 18,594
Quality Control	3,383 sq.ft.	@	£2.50	=	£ 8,457
Main Warehouse					
Production Area (1966)	25,254 sq.ft.	@	£1.65	=	£ 41,669
Clean Room	4,527 sq.ft.	@	£2.60	=	£ 11,770
New Factory	19,485 sq.ft.	@	£2.15	=	£ 41,892
Old Warehouse					
(Northlight Type finish)	13,245 sq.ft.	@	£1.30	=	£ 17,218
Works Offices	1,308 sq.ft.	@	£2.50	=	£ 3,270
Pump House	243 sq.ft.	@	£1.50	=	<u>£ 364</u>
				NAV	= £143,234

Say	£140,000	@	0.63%	=	£882.00
Tanks: 50 gallons	@	0.15p per 1,000 gallons			£ 7.50
Horse Power:	1,680	@	5p	=	<u>£ 84.00</u>
					£973.50

Say £970

OR

Alternatively on a capital value basis as per valuation report dated 19th November

1993. Open Market Value £1.4m.

Discount back to 1988 @ 2% per annum.

Open Market Value 1988 @ £1,120,000 @ 12½% yield = NAV £140,000

@ 0.63% £882.00

Rateable valuation of rateable plant £ 91.50

£973.50 Say £970.

A written submission was received on the 26th day of September, 1995 from Mr.

Christopher Hicks, Appeal Valuer in the Valuation Office on behalf of the respondent.

In his written submission, Mr. Hicks outlined the subject property as set out above. Mr. Hicks only submitted one comparison, that of AT&T located less than 200 yards from the subject property. Mr. Hicks stated that his comparison was involved in the light assembly and telecommunications equipment area and as such did not require above standard specifications.

Mr. Hicks analysed his comparison as follows:-

Occupier: AT&T International Limited

Date: 1992/3 First Appeal

RV: £1,165

Lot: 2J, Townland: Corkgreat, E.D. Shankill, R.D. Rathmichael,

County:

Dublin.

Analysis

Offices 20,000ft² @ £4.00/ft² }

Factory 38,000ft² @ £2.75/ft² }

Total £185,545

Estimated NAV: = £185,000 @ 0.63% = RV £1,165.

Mr. Hicks set out his calculation of the rateable valuation on the subject property as follows:-

A	Offices, two storey	6,198ft ²	}	
B	Offices, two storey	3,383ft ²	}	
C	Clean room, one storey	4,527ft ²	}	15,416ft ² @ £4.00=
				£61,664
D	Office, one storey	663ft ²	}	
E	Offices, 1st floor only	645ft ²	}	
F	Factory	25,254ft ²	}	
G	Factory	19,485ft ²	}	44,739ft ² @
				£2.75=£123,032
H	Store (10' eaves)	13,245ft ²		@ £1.65 =£ 21,854
	Basement	7,414ft ²		@ £1.00 =£ <u>7,414</u>
				NAV £213,964
	NAV £213,964		@	0.63% =
				£1,348.00
	Horsepower (agreed) 1680		@	5p = £
				84.00
	Tanks, Water & Oil (agreed)	500,000	@	15p = <u>£</u>
				<u>7.50</u>
				£1,439.50
				RV £1,440.

Oral Hearing:

The oral hearing took place in Dublin on the 6th day of October 1995. The appellant was represented by Mr. Tadhg Donnelly and Mr. Andrew Lyle, Financial Controller of the appellant company appeared to give evidence. The respondent was represented by Mr. Christopher Hicks, Appeal Valuer with the Valuation Office.

Mr. Donnelly gave evidence in line with his written submission. He described the subject premises as comprising an old refurbished factory which was originally two separate buildings, the oldest part of which dates from the 1940's and the second part dates from the 1960's. In and around 1989 a new block was inserted between these two old sections and now contains the "clean room" area of the factory. Mr. Donnelly contended that the optimum value of this new building is lessened by its proximity to the older sections.

Mr. Donnelly stressed that the subject enjoys somewhat limited access via a right of way shared with the other occupiers of the Solus Tower Industrial Estate. He said that inadequate parking facilities often results in access being restricted. Commenting on the main comparison put forward by the respondent, namely AT&T International Limited Mr. Donnelly said that this premises is superior to the subject in a number of ways, namely:-

- (1) AT&T International Limited premises is smaller with 50,000 sq.ft. as opposed to 73,500 sq.ft. in the subject premises.
- (2) AT&T International Limited premises has a greater office production area ratio.
- (3) The site is not shared.
- (4) There is unrestricted access.
- (5) It has prominent road frontage and is not hidden behind old out of date industrial buildings.
- (6) It was purpose built in 1989 as opposed to being a conglomeration of the three types of industrial buildings.

Mr. Donnelly said that an open market valuation undertaken by independent valuers had placed a figure of £1.4m as of the 19th November 1993 on the subject premises, this figure includes the benefit of planning permission for the development of a further 32,000 sq.ft. production facility. This development is subsequent to the appeal date. Based on this valuation and on the comparisons of AT&T International Limited and AO Smith

Electric Motors, Boghall Road, which latter premises devalues at £3.16 on the offices and £2.16 on the production facilities, Mr. Donnelly said that the correct rateable valuation for the subject premises is in his estimation £970.

Mr. Hicks contended that the subject premises enjoys a select location shared with only two other large industrial units. He did not accept Mr. Lyle's view that the proximity of near-by private housing was a disadvantage to the Solus Tower Industrial Estate and said that all units within the estate area were affected equally by such proximity. Mr. Hicks said that Mr. Lyle's view that the subject was prone to problems of vandalism was a difficulty experienced by most industrial estates. He said that in reality there are no significant differences in the advantages and disadvantages of AT&T International Limited and the subject premises. He disagreed with Mr. Donnelly's contention that the high offices content of AT&T International Limited was an advantage but contended rather that the subject had a more normal and marketable office production facility ratio.

Determination:

The Tribunal finds that in reality there are significant differences between the AT&T International Limited premises and the subject premises and that these differences are such as to make the former premises the more marketable. Having taken the comparison of the AO Smith Limited premises and all other relevant factors into consideration the Tribunal is of the opinion that the correct rateable valuation for the subject premises is £1,100 and so determines.