

Appeal No. VA95/1/097

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

Mr. Thomas Byrne t/a Burrow Park Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel and grounds at Map Ref: 2B, Townland: Whitehouse, ED: Rosslare, RD: Wexford,
Co. Wexford

Quantum - Turnover and comparisons

B E F O R E

Veronica Gates

Barrister (Acting Chairman)

Paddy Farry

Solicitor

Patrick Riney

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JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 12TH DAY OF JANUARY, 1996

By Notice of Appeal dated the 26th day of April 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £125 on the above described hereditament.

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

- "1) The valuation is excessive in comparison to similar properties.
- 2) The premises is open only on a very seasonal basis.
- 3) The RV is excessive having regard to the NAV as at November 1988."

The Property:

The property is a small hotel built to provide holiday type accommodation for the budget conscious customer. The hotel is built to the old motel type of design all at ground floor level with bar, dining room and kitchen facilities all on one side, while bedrooms are all together on the other side. There is a function room attached with regular discos taking place, particularly during June, July and August. There are a total of 26 bedrooms with 14 of them en-suite. There is also a large tarmaced car park to the front of the hotel. The hotel is located in the centre of Rosslare. It is beside the beach and Rosslare golf courses. It is also close to holiday homes and caravan parks, some of which are owned by the appellant.

Valuation History:

First valued in 1923 as "Hotel, Ballroom, Offices and Land" with rateable valuation £40. Following addition and alterations, RV was revised to £60 in 1933. This figure was reduced to RV £55 until 1957 First Appeal when a complete revision took place and an RV of £80 was fixed. This remained in place until the current revision where the RV was increased to £125 at 94/3 Revision.

Written Submissions:

A written submission was received on the 2nd day of January 1996 from Mr. Kenneally McAuliffe, Surveyors, Rating Consultants, Valuers and Estate Agents on behalf of the appellant.

In the written submission, the property was described and the accommodation set out as follows:-

<i>Ground floor</i>	<i>Sq.ft.</i>
Porch	c. 185
Entrance hall/Reception	c. 420
Telephone, Ladies/Gents toilets	c. 142
Lounge	c. 517
Pool room	c. 256
Dining room	c. 578
Function room 1.	c. 743
Kitchen, Main area, Cooking area, Delph area	c. 940

Utility room	c. 127		
Staff toilets/changing room, store, rear office	c. 99		
TV room	c. 188		
Function room 2.	c.2,640	Accessed from car park. customer access from hotel. (Galvanised roof).	No
Bedroom block		Totalling 25 bedrooms, (12 with en-suite facilities)	
Staff accommodation		Comprising two bedrooms, kitchenette and bathroom.	

It was stated that the property was purchased in October 1988 for £22,000. Since then the only expenditure had been in refitting and refurbishment of kitchen, new carpets in reception area and corridors of bedroom block. It was stated that the subject premises was the most inferior property in the Rosslare Strand area and had to compete with a number of other well known hotels such as Cedars Hotel and Kelly's Resort Hotel. It was also stated that the turnover of the Burrow Park Hotel has been on the decline.

Valuations were set out in the written submissions on a capital value basis and the turnover basis as set out below:-

Capital Value Basis

Net book value 31st October 1995	£150,000
NAV @ 7%	£ 10,000
NAV 1988 (reduced by 15%)	£ 8,925
RV @ 0.5%	say £ 45

Turnover Basis

Year ended 31st October 1995	£150,249
Nett profit @ 18%	£ 27,000
NAV @ 50%	£ 13,500
NAV @ 1988 (reduced by 15%)	£ 11,475
RV @ 0.5%	£ 57.

In conclusion, it was stated that in the opinion of Kenneally McAuliffe, the appropriate rateable valuation on the subject premises should be £50.

A written submission was received on the 2nd day of January 1996 from Mr. Philip Colgan, a District Valuer with 27 years experience in the Valuation Office on behalf of the respondent.

In his written submission, Mr. Colgan described the premises and its valuation history and commented on the appellant's grounds of appeal. He set out his calculation of the rateable valuation as follows:-

Valuation

In the absence of accounts, details on turnover, or on the purchase price, Mr. Colgan based his valuation on:-

1. Some suitable comparisons.
2. The fact that most of the trade done here is a bar trade.
3. The premises is "For Sale" for £350,000 which is the selling agent's valuation of the hotel.

Total area of hotel = 20,286 sq.ft. @ £1.25 sq.ft. = £25,357

NAV say £25,000 x 0.5% = RV £125.

OR

Estimated capital value = £300,000 @ 8% or 12½ yp = £24,800.

NAV say £25,000 x 0.5% = RV £125.

Mr. Colgan said that since this hotel operated principally as a pub, disco and restaurant the most suitable comparison was Paddy Ryan's pub which is up the road from it in the same village. This was agreed with an RV of £135 at 1994 First Appeal. Taking into account the above and other factors Mr. Colgan said that in his opinion the rateable valuation of £125 was very reasonable.

Mr. Colgan offered three comparisons which are summarised below:-

- 1) **Tuskar House Hotel**
Rosslare Harbour
Similar type holiday hotel.

NAV £65,000 agreed with appellant

i.e. 26,369 sq.ft. @ £2.465 psf = £64,999.58.

NAV say £65,000 x 0.5% = RV £325.

- 2) **Gateway Hotel**
 Drinney, RD: Wexford
 1994 First Appeal RV £180.

Formerly a pub and restaurant known as the "Farmers Kitchen".

NAV £36,000 @ £0.5% = RV £180.

OR

15,302 sq.ft. @ £2.35 psf = £35,991

NAV say £36,000 x 0.5% = RV £180.

- 3) **Fisherback Limited**
 7Ca Walsheslough, Rosslare
 RV £135.

Average annual licensed turnover = £300,000

Based on 11 years purchase or a 9% return NAV is £27,000.

NAV £27,000 x 0.5% = RV £135.

OR

Licensed turnover per a/c's £300,000

NAV 30,500	=	£30,500	=	£135.46	
200 + RIP		200 + £25.15	=		RV £135.

Oral Hearing:

The oral hearing took place in Wexford on the 12th day of January 1996. Mr. John Kenneally of Kenneally McAuliffe appeared for the appellant and Mr. Philip Colgan of the Valuation Office appeared for the respondent.

Both parties gave evidence in line with their written submissions. Mr. Kenneally said that the subject premises had been put forward for auction in December 1994 when there was only one bid of £150,000 made. In his estimation the value of the property is in the region of £150,000-£200,000. He said that the property remains on the books of Barry Keogh, Auctioneer but that there has been no real interest shown. Mr. Kenneally said that the

property had been purchased in 1988 for £220,000 and further expenditure had been incurred in refitting the kitchen to comply with health regulations and fitting new carpets in some areas.

Mr. Kenneally said that the bar remains open all year round but the bedrooms, function room and dining room are closed from end of October to Easter of the following year. He said that a major cash injection was needed to bring the subject up to the required standard.

Mr. Colgan said that the bar had a full 7 day licence and traded well. A new tarmac car park had recently been added in front of the premises. In his opinion the subject has good potential which a hypothetical tenant would be able to exploit.

In his view the property was not being managed to its full potential. Mr. Colgan said that the rateable valuation on the subject is the lowest of any of the hotels in the vicinity. He felt that "Paddy Ryan's" pub was in as good a location as the subject.

Determination:

The Tribunal has had regard to the written and oral submissions of both parties and also to the comparative evidence adduced. The Tribunal notes that there has been a drop in the turnover of the subject premises from 1994 to 1995 of £23,000. It also notes that losses are reported in 1994 of £29,718 and in 1995 of £5,028. The turnover in "Paddy Ryan's" public house is £300,000 annually and from the evidence adduced the Tribunal notes that the business is operating in profit.

Taking into consideration all the evidence adduced by the parties including the condition and location of the subject premises the Tribunal is of the opinion that the correct rateable valuation for the subject premises is £85 and so determines.