

Appeal No. VA95/1/109

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

Goodbodys Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Warehouse at Map Reference 11E, Townland: Kill of the Grange, ED: Cabinteely Pottery,
Dun Laoghaire-Rathdown, Co. Dublin

Quantum - Valuation on mezzanine, age of building and suitability of comparisons

B E F O R E

Liam McKechnie

S.C. Chairman

Mary Devins

Solicitor

Fred Devlin

FRICS.ACI Arb.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 21ST DAY OF OCTOBER, 1996

1. By Notice of Appeal dated the 26th day of April 1995 the appellant company, Goodbodys Limited, appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £165 on the above described hereditament. The sole ground of appeal as both expressed and as dealt with in evidence was to the effect that this valuation was excessive and inequitable and therefore bad in law.

2. This appeal was heard by way of an oral hearing which took place in Dublin on the 13th day of March 1996. Mr. Paul McGrath, BSC, ARICS, ASCS of Messrs. Druker Fanning & Partners represented the appellant. He was accompanied by Mr. Fergus Keane (also from Druker Fanning & Partners). Mr. Christopher Hicks, Appeal Valuer appeared on behalf of the Commissioner. Having taken the oath, both Valuers adopted as their evidence in chief their respective written submissions which previously had been exchanged and received by this Tribunal. From the evidence so tendered the following relevant facts emerged as being material to this appeal, which facts were either agreed or where in conflict were the subject matter of findings by this Tribunal.

3. The premises, the subject of this appeal comprise an industrial unit in Deansgrange Industrial Estate, Deansgrange, Co. Dublin. This estate which is about 6 miles south east of Dublin city and about 1½ miles south west of Dun Laoghaire is located off Kill Lane close, but not immediately adjacent to its junction with Deansgrange Road and Clonkeen Road. Access into the site from Kill Lane is somewhat difficult, but given the fact that the relevant comparable evidence is of other units within the same estate that difficulty is common to all.

4. This estate has been developed in a number of phases over very many years. The original buildings were constructed in 1955 and were known as Boland's Biscuit Factory. No further development took place until 1979/80 when, on lands to the north of the original buildings, a terrace of eight warehousing units were built with a further four units being added on the southern side in 1982. Part of this biscuit factory was damaged by fire in 1986/87. This resulted in the carrying out of certain remedial works. These included the replacement of the upper side wall cladding and the roof covering. An extension to the rear took place in 1991. This like the original building was of steel framed construction. It had a mono pitch roof and double loading doors. Further extensions were added but these are not material to this appeal. Though the 1987 remedial works might give the impression that this building was new or modern in its origin, we are quite satisfied that, subject to such works and of course the subsequent extensions, the core premises remain that as originally constructed in the mid 1950's.

5. Within the estate itself the internal access arrangements do not favour the subject premises. The road leading to the unit serves also the Shamrock Food Factory and the McKenna's Electrical store (now in different ownership and use). Any loading or unloading, particularly from the bay of Shamrock Foods has quite a debilitating effect on the access to the subject premises. Compared with the access to the remainder of the estate, this is by far the poorer. The situation is not improved by the absence of an agreement or indeed even an understanding, between the adjoining occupiers so that the common areas might be repaired and maintained to a standard comparable to that pertaining in the other areas of the estate. The appellant for its own part must accept some responsibility for this.

6. The accommodation of the subject premises comprise the following:-

1,410 sq.ft. - Offices

5,703 sq.ft. - Warehousing

118 sq.ft. - Store

1,528 sq.ft. - Mezzanine.

7. For the purposes of this appeal the valuation history of the subject premises commence with a revision which was carried out in 1988. That revision followed on from the fire and the reinstatement works carried out as a result thereof. A valuation of £140 was placed on the property which, in terms of area, was identical to that above given save and except for the extension of 1,171 sq.ft. which was carried out in 1991. That extension, to the main warehousing area, necessitated a further revision in 1992. The result was an increase in valuation to £165. No reduction was made at First Appeal stage and accordingly, this appeal to this Tribunal.

8. Mr. McGrath on behalf of the ratepayer, in evidence and by way of submission argued for a rateable valuation of £123 whereas the Commissioner supported the figure given at First Appeal stage. The following is an analysis of each parties suggested valuation:-

		<i>Commissioner</i>	<i>Ratepayer</i>
Office	1,410	£4.25 psf = £5,993	£3.55 psf =
	sq.ft		£5,005.50
Wareho	5,703	£3.25 psf = £18,534.75	£2.55 psf =
use	sq.ft		£14,542.65
Store	118	£2 psf = £236	
	sq.ft		
Mezzan	1,528	£0.75 psf = £1,146	
ine	sq.ft		
Total		£25,909 @ 0.63% = RV £165	£19,548.15 @ 0.63% = RV£123.15

9. In support of their respective positions, both Mr. Hicks and Mr. McGrath offered several comparisons. All were from within the estate itself. Many units had been "recently revised". In addition, two units, numbers 3 and 4 were referred to by Mr. McGrath as supporting evidence of market transactions which in his opinion would underpin the NAV as sought by him. Unit no. 3 is held under a lease for a term of 20 years from 1st January 1987 at an initial rent of £35,000. An analysis of that rent shows a rate of £3.42 applying to 2,854 sq.ft. of office accommodation and £2.65 to 9,833 sq.ft. of warehousing. Unit no. 4, which is the subject matter of a 35 year lease with 5 year reviews from December 1988 at an initial rent of £36,000, devalues as follows:-

2,826 sq.ft of office accommodation @ £3.50

9,833 sq.ft. of warehousing accommodation @ £2.65

10. During the course of the hearing it became clear that the essential issues between the parties were firstly, whether or not the mezzanine should be valued, secondly, whether as contended for by Mr. Hicks the building (apart from the 1991 extension) should be

considered as one having been built in 1987 and not in 1955 (though in part reinstated in 1987) and thirdly what weight should be attached to the various comparisons so offered.

11. On the first issue we are satisfied that the mezzanine has a value and should be so valued. It is not possible in our view to lay down a set of rigid rules which can with equal force be applied in all cases where mezzanines form part of a larger structure. In many instances it may be that, in valuation terms, the mezzanine in question can be so distinguished from its surroundings, whether by way of use, size or location that the placement of a separate and specific value on it, is both practicable and desirable. In other instances, this will not be possible. For example, whilst a mezzanine may afford greater accommodation facilities it may on the other hand have a seriously restrictive effect on the use of the space immediately underneath it. Indeed, depending on the precise nature of the activity being so carried on, a would be purchaser or more accurately the hypothetical tenant may even consider removing the entire structure. It all depends on the circumstances of each case. What must be retained in the foremind of the Valuer is that it is the entirety of the hereditament that must be valued and not simply a part. It may thus be that this exercise is best achieved by in some cases opting for a specific value whilst in others not. It truly depends on individual circumstances, but in the process it must not be forgotten that it will be extremely rare if ever for a mezzanine to be excused of value simply because it is a mezzanine.

12. In this case we are satisfied that it is both practicable and desirable that a separate and specific value should be given to the mezzanine in question.

13. On the second question we have already found that one could not describe the subject premises as having being built in 1987 or as dating from that year. A consideration of the method of construction would indicate that its origin is much older than the 1980's. The presence of the steel frame is supportive of this. In addition, we had evidence from Mr. McGrath, which we accept, that only part of the building was damaged in the 1986 fire and that much of what was originally constructed remained intact thereafter. The remedial works were only to restore the damaged portion. Accordingly, we are quite satisfied that, apart from

the extension, this building must be viewed as one emanating from the mid 1950's with extensive repair and renewal works having being carried out in the 1980's.

14. Of the comparisons mentioned in evidence, we are of the opinion that the following six must be considered for the purpose of this case. Hereunder, therefore we set out in tabular form how the rateable valuation of these units devalue making the required distinction between office and warehousing accommodation.

<i>Occupier</i>	<i>Revised</i>	<i>Descriptio n</i>	<i>Sq.Ft.</i>	<i>Rate psf</i>
McKennas Electrical, Unit 11c	1992 Revision	Office Warehouse	1,400 sq.ft 12,000 sq.ft	@ £3.55 psf @ £2.55 psf
Becton Dickenson & Co. Ltd., Unit 2 (pt)	1992 Revision	Office Warehouse	137 sq.ft 11,648 sq.ft	@ £3.95 psf @£2.95 psf
Bank of Ireland, Unit 3	1992 Revision	Office Warehouse	2,854 sq.ft 9,833 sq.ft	@ £4 psf @ £3 psf
Irish Academic Press, Unit 13	1989 Revision	Office Warehouse	1,011 sq.ft 4,931 sq.ft	@ £3.70 psf @ £2.78 psf
Cannings Packaging Unit 14	1991 Revision	Office Warehouse	1,374 sq.ft 4,501 sq.ft	@ £4.75 psf @ £3.75 psf

Cannings Packaging Unit	1991	Office	1,101 sq.ft	@ £5 psf
15	Revision	Warehouse	3,986 sq.ft	@ £4 psf

15. It would appear that in general terms rates of approximately £3.50 to £5 had been placed on office accommodation in this estate with figures of £2.50 to £4 being placed on warehousing. If one could disregard for a moment units 14 & 15 the range between the figures on both office and warehousing is not very significant. The rate for the former would be somewhere between £3.50 and £4 and the latter £2.50 to £3. Having considered the evidence it appears to us that it would be quite wrong to attach any great weight to units 14 & 15 when assessing the NAV of the subject premises. Those units are relatively new having being built in 1988. They are of a far superior standard than the subject premises and indeed, are superior to virtually all of the other units within the estate. The office portion of the accommodation is of modern design, double glazed bronzed aluminium framed windows, suspended acoustic tiled ceilings, fluorescent strip lighting and also the layout is modern, bright, flexible and fully usable. The warehousing section is purpose built, of a regular shape with an eaves height of approx. 25 ft, with a front loading bay with access doors of suitable size. The internal access is of excellent quality, the common parts are maintained to a high standard with impressive landscaping. The subject premises suffer in virtually every regard by way of comparison with these said units 14 & 15. Accordingly, we believe that these units are not appropriate comparisons in the instant case.

16. In our opinion the most appropriate comparison is probably McKenna's. That, like the subject premises, is in the oldest part of the estate, has a traditional type of construction and has the same difficulties with internal access etc. As of the 1992 revision a rate of £3.55 was placed on the office accommodation and £2.55 on the warehousing. In our opinion, whilst McKenna's is the most apt comparison, nevertheless the subject property has certain advantages which McKenna's does not enjoy. These include a much better roof, a designated private car parking area, a mezzanine, a modern extension, a loading and unloading area, both front and rear. Accordingly, we believe a rate of £3.90 psf should be placed on the office accommodation (taking into account restrictive nature of the area immediately underneath the

mezzanine), £2.90 psf on the warehousing and £1.50 psf on the store. Add to that say £1,000 for mezzanine. That gives a net annual value of £23,214 and rateable valuation £146.24 Say £146.

17. Finally, we have also considered whether there is any justification for a further reduction in the suggested figure of £146 by reference to the devaluation of the passing rents on units 3 and 4, details of which are given in paragraph 9 above. In our opinion, given the similarity between the rates per square foot deductible from such rents and the rates obtainable from the comparisons above identified no further reduction could be justified.

18. The Tribunal therefore determines the rateable valuation at £146.