

Appeal No. VA95/1/131

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

Regine Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Showroom, Offices and Workroom at Map Ref: 13.14 (1st, 2nd and 3rd floors), Dame Court, Ward: Royal Exchange, County Borough of Dublin
Quantum - Comparisons, tone of the list

B E F O R E

Fred Devlin

FRICS.ACI Arb. (Acting Chairman)

Brid Mimmagh

Solicitor

Patrick Riney

FRICS.MIAVI

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 26TH DAY OF APRIL, 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 £160 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 having regard to the provisions of the Valuation Acts and other grounds also".

The Property:

The premises comprises the first, second and third floors of a four storey terraced building located at Dame Court.

Valuation History:

Following a request from Dublin Corporation to revise as necessary the rateable valuation was increased to £160. At first appeal stage no change was made to the rateable valuation of £160. It is against this determination of the Commissioner of Valuation that an appeal now lies to the Tribunal.

Written Submissions:

A written submission was received on the 6th February, 1996 from Mr. Tom Davenport, ARICS, Chartered Surveyor of Lisney on behalf of the appellant. In his written submission, Mr. Davenport gave details of the property, its location and valuation history. Mr. Davenport also set out the accommodation areas of the property as follows:-

"First Floor:

Stock Room	918
Office	<u>100</u>
<i>Total Net Lettable Floor Area at First Floor Level</i>	<i>1,018</i>

Second Floor:

<u> </u> Showroom	598
Store	297
Office	<u>117</u>
<i>Total Net Lettable Floor Area at Second Floor Level</i>	<i>1,012</i>

Third Floor:

<u> </u> Work Room	953
Store	<u>203</u>
<i>Total Net Lettable Floor Area at Third Floor Level</i>	<i>1,103</i>

Overall Total Net Lettable Floor Area

3,186''

Mr. Davenport said that in order to estimate his net annual value/rateable valuation he had regard to four main factors, which, in his opinion, affected the subject property, these are:-

- (a) location
- (b) the building
- (c) lack of car parking facilities
- (d) overall size of the property

In relation to the location of the subject premises, Mr. Davenport said that Dame Court was very much a secondary office location within the city centre with limited passing traffic. He said that there were ten commercial occupiers on the street but that three of them were licensed premises.

Commenting on the actual building, Mr. Davenport said that the building was old and required expensive maintenance. He said that the timber window frames were in a poor condition and needed to be replaced. The entrance hallway and corridor area leading to the upper floor was narrow and unattractive. There was no lift facility in the building. He also said that the ancillary kitchen and toilet facilities were located on the first, second and third floor returns and that these areas were very small and of a poor standard. Mr. Davenport said that, in his opinion, a tenant would be reluctant to take a full repairing and insuring lease on the entire premises unless the rent was sufficiently discounted to take account of all the repairing obligations needed.

Mr. Davenport set out his calculation of the net annual value/rateable valuation by two methods as follows:-

(1) Method One

First Floor

Showroom/Office 1,018 sq.ft. @ £5.00 p.s.f. = £5,090

Second Floor

Showroom/Office/Store 1,012 sq.ft. @ £4.00 p.s.f. = £4,048

Third Floor

Workroom/Store 1,156 sq.ft. @ £3.00 p.s.f. = £3,468

Total Net Annual Value, Say £12,500

Using the factor 0.63% to translate NAV into RV.

Estimate of Rateable Valuation - NAV £12,600 x 0.63% = RV £80

(2) Method Two

Analysis of Sale Price

Purchase Price - July, 1989	£160,000
Capital Value decapitalised at 12½% equals to 8 years purchase.	
Open Market Value of entire building as at November, 1988	£ 20,000
Less Open Market Rental Value of Ground Floor Shop	£ 10,000
Open Market Rental Value of Upper Floors (subject premises)	£ 10,000
Net Annual Value of subject premises	£ 10,000
Estimate of Rateable Valuation - NAV £10,000 x 0.63% =	RV £63.

Mr. Davenport also gave details of eleven comparable premises, to the subject, which are appended to this judgement as Appendix 1.

A written submission was received on the 18th January, 1996 from Mr. Patrick Deegan, B.A., a Valuer and B.L. with over 19 years experience in the Valuation Office on behalf of the respondent. In his written submission, Mr. Deegan gave brief details of the property and its valuation history as outlined above.

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

"1st fl. Reception, Stockroom, Office:	1,022 sq.ft.	@	£9.00	=	£ 9,198
2nd fl. Showroom:	1,011 sq.ft.	@	£8.00	=	£ 8,088
3rd fl. Showroom:	1,051 sq.ft.	@	£7.00	=	<u>£ 8,059</u>
					£25,343
	£25,343	X	.63%	=	£159.60
		Say		=	£160.00."

Mr. Deegan also gave details of eight comparable premises, to the subject, and in response to a letter received from Mr. Tom Davenport of Lisney, Mr. Deegan submitted a further précis of evidence on the 9th February, 1996 detailing the following information requested:-

- (a) the rateable valuation of each comparison.
- (b) the year of revision/appeal relating to each comparison, and
- (c) the name of the occupier of each comparison at the revision date.

These are appended to this judgement as Appendix 2.

Oral Hearing:

The oral hearing took place in Dublin on the 12th day of February 1996. The appellant was represented by Mr. Thomas Davenport. The respondent was represented by Mr. Patrick Deegan.

Written submissions were adopted by witnesses as their evidence in chief given under oath.

Mr. Davenport, in commencing his evidence, referred to his submission in detail and agreed that the floor area concerned on the third level was 1,103 sq.ft. which gave a total net lettable floor area of the subject property of approximately 3,133 sq.ft.

Mr. Davenport emphasised the restrictions which related to the subject property and in particular referred to the following:-

- (1) Dame Court being a narrow and relatively quiet thoroughfare.
- (2) Dame Court is regarded as a side street off Exchequer Street with limited passing traffic.
- (3) This location has severely restricted parking with double yellow lines prohibiting all parking from the subject premises to Dame Lane to metered parking on Exchequer Street.
- (4) The street is dominated by Telecom Eireann's central exchange building and the Central Hotel.
- (5) The demand on the limited car parking that is available on Dame Court is increased by Telecom Eireann vans in connection with the central telephone exchange located nearby.

He emphasised that the building was very old and constructed with brick and rubble masonry walls and a flat asphalt covered roof.

Mr. Davenport also pointed out that in arriving at a fair net annual value, one would have to take into account that the overall size of the property is in excess of 3,000 sq.ft. and that the hypothetical tenant must take the entire on a single letting. Mr. Davenport submitted that a reasonable rateable valuation applicable in this case was £80 because of the foregoing described restrictions and submitted a number of comparisons to support his valuation. He stated that comparison no. 3 was a superior building to the subject and had a lift, central heating and refurbished offices. Comparison no. 4 was not as good as the subject and was in need of some redecoration. Comparison no. 5 (4/6 Exchequer Street) was not as good as the subject property. Comparison no. 7 at 18 Exchequer Street comprised offices at 1st, 2nd and 3rd floor levels. He pointed out that a reduction in rateable valuation from £100 to £28 had been achieved in this instance.

Mr. Davenport also pointed out that in view of the fact that there were in excess of 3,000 sq.ft. in the subject property, the rent would have to be discounted accordingly to approximately £12,500 per annum net annual value which was equivalent to a rateable valuation of £80.

He also commented in some detail on the comparison submitted by the Valuation Office and submitted copies of coloured photographs to the Tribunal to support his evidence. No's 35 and 36 Dame Street were new buildings with lifts and were far superior to the subject. No. 35 had been bought in 1989 for £300,000 and no. 36 had been bought in 1989 for £360,000. He pointed out that the rateable valuations of £210 on each related to the entire buildings and not just the upper floors. In regard to comparison no. 6 i.e. 19/22 Dame Street he said that these offices had been occupied by Messrs. Druker Fanning & Partners sometime ago and the rateable valuation of £250 had been reduced to £115 after appeal. He pointed out that the correct rate per square foot here was £4 per square foot and not £7.50 per square foot as quoted in the Valuation Office submission.

Comparison no. 7 i.e. no. 31 Dame Street had previously been occupied by the Equity Bank and is a far superior property to the subject.

In summary, Mr. Davenport emphasised that the comparisons submitted by the Valuation Office were not in a similar location or of a similar description to the subject property.

Mr. Patrick Deegan from the Valuation Office referred to his submission and gave detailed evidence on behalf of the respondent. He complimented Mr. Davenport on his presentation and overall submission on behalf of the appellant. He pointed out that the Valuation Office sought to establish a 'Tone of the list' for a particular property and emphasised that this was the overall approach which he had adopted in the valuation process.

He stated that special incentives were attracting more tenants and purchasers to the Dame Street location. He pointed out that the valuation of the subject property was similar to those adopted in secondary or tertiary locations around Dublin city. In his opinion a rateable valuation of £160 was a reasonable figure. He accepted that comparison no. 7 in his submission i.e. no. 31 Dame Street which had been occupied by the Equity Bank Limited, was a superior and smaller premises. However, he was of the opinion that when one

considered the rateable valuation of similar properties in the general area, including the South William Street district, a valuation of £160 should apply here.

Determination:

The Tribunal has considered all relevant comparisons and details submitted during the oral hearing by both sides. The Tribunal also notes Mr. Deegan's comments in regard to establishing a reasonable 'Tone of the list' for rateable valuations in this area. However, the Tribunal is of the opinion that the comparisons submitted by the Valuation Office did not assist Mr. Deegan in confirming this point and indeed, if anything, the properties referred to were generally in superior locations and in better condition than the subject property.

An examination of the evidence submitted by Mr. Davenport clearly shows a reasonable approach being adopted by him in support of his valuation of £80. He emphasised the superior location and condition of the comparisons submitted by Mr. Deegan and in doing so justified a substantial reduction in the valuation assessed by the Valuation Office. The main points he made were:

- (1) the comparisons submitted by the Valuation Office were not of similar properties and were generally in better and superior locations.
- (2) a number of the comparisons submitted by the Valuation Office had lifts and were refurbished offices, one of which had been occupied by Equity Bank Limited.

The Tribunal notes that all of the comparisons submitted by the Valuation Office were located in Dame Street which we understand has benefited from special tax incentives over the last number of years. The Tribunal notes the agreement of both parties that the correct floor area for the third floor level on the subject property is 1,103 sq.ft.

Accordingly, therefore the Tribunal finds that the proper rateable valuation of the subject hereditament is £98 based on a net annual value of £15,580 calculated as set out below.

First floor	Showrooms/office	1,018 sq.ft. @ £6 psf = £6,108
Second floor	Showrooms/office/store	1,012 sq.ft. @ £5 psf = £5,060
Third floor		1,103 sq.ft. @ £4 psf = <u>£4,412</u>
	Total	<u>£15,580</u>

Rateable valuation at 0.63% say £98.