

Appeal No. VA95/4/031

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

Stephen Pearce t/a National Crafts Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Art Gallery and Factory at Map Ref: 4Aa, Townland: Shanagarry South, E.D. Ballycotton,
R.D. Midleton, Co. Cork
Quantum - Location

B E F O R E

Mary Devins

Solicitor (Acting Chairman)

Brid Mimmagh

Solicitor

Marie Connellan

Solicitor

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF MAY, 1996

By Notice of Appeal dated the 10th day of October, 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £170 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the valuation appears to be based on a completely commercial value. These premises will be used for cultural, social and commercial purposes. This is not a prime location."

The Property:

The property comprises an industrial type building the design of which is based on an eighteenth century Irish barn. The building is split level with gallery and retail area together with coffee shop and toilets on upper ground floor level. Workshops, stores, toilets and offices are located on lower ground level. The property is known as the Stephen Pearce Emporium. It is the first phase of a large development, the second being the reconstruction and restoration of adjoining Shanagarry Castle as a Visitor Centre. The development was financed by means of a B.E.S fund.

Valuation History:

The property was first valued in 1994 at £170. This valuation was appealed but no change was made to the valuation at First Appeal stage. It is against this determination of the Commissioner of Valuation that an appeal lies to the Tribunal.

Written Submissions:

A written submission was received on the 6th March, 1996 from Mr. Patrick Collins, AMIET MIAVI, and a Director of Carey Collins & Partners, Auctioneers, Valuers and Property Consultants on behalf of the appellant.

In the written submission, Mr. Collins described the premises as situated adjacent to a minor public roadway and close to St. Coleman's Church at Shanagarry. He said that it was a remote area and certainly not a good trading location. He said that it was 25 miles from Cork city, 12 miles from Middleton and 6 miles from the village of Castlemartyr on a minor road. Because of its location, he said, it was necessary to conduct an expensive and continuous advertising campaign to draw people to the location. Mr. Collins said that the showroom area of the subject premises has a head clearance of approximately 9 feet. He said that the ground floor area has a ceiling height of approximately 9 foot 10 inches. The area of the building is 55 metres by 11 metres, that is, 6,510 square feet on each of the two floors.

Mr. Collins assessed the rateable valuation on the subject premises as follows:-

"Valuation:

$$55 \text{ metres} \times 11 \text{ metres} = 605 \text{ square metres} \times 10.76 = 6509.8 \text{ sq.ft.} \\ = 6510 \text{ sq.ft.}$$

NAV:	6510 @ £2.00 =	£13,020.00
	6510 @ £1.50 =	£ 9,765.00
	R.V. @ 0.5% =	£ 113.92
	Say RV	= £114.00"

Mr. Collins submitted two comparisons to the Tribunal to consider:-

(1) Guildway Industrial Estimate, Midleton, Co. Cork

2,600 square foot Warehouse

950 square foot Office

Rented £4,000 per annum.

12,000 square feet vacant for the last 2 years.

(2) Brooklodge, Glanmire, Co. Cork

Vacant for 12 months. Rent sought £2.50 per square foot.

A written submission was received on the 12th March, 1996 from Mr. Peter Conroy, District Valuer with 25 years experience in the Valuation Office on behalf of the respondent.

In the written submission, Mr. Conroy described the premises and its location and valuation history as set out above. He said that the property is held freehold.

Mr. Conroy set out his calculation of the rateable valuation on the subject premises on two bases, the comparative method and the developmental costs method, as follows:-

"Upper Ground Floor: (Gallery/Retail/Coffee)	6,070 sq.ft. @ £3.50 =	£21,245
Lower Ground Floor: (Workshops/Stores/etc)	7,013 sq.ft. @ £2.00 =	<u>£14,026</u>
		£35,271
	Net Annual Value:	= £35,000
	R.V. @ .5%	= £175.00
	Say	= £170

OR

Total development costs:	=	£700,000
To allow for unenumerative expenditure:	=	£385,000
	E.C.V:	= £385,000
	N.A.V. @ 10%	= £38,500

$$\begin{aligned} \text{R.V. @ .5\%} &= \text{£192.50} \\ \text{R.V.} &= \text{£192"} \end{aligned}$$

Mr. Conroy gave details of three comparisons which are summarised below:-

(1) Stephen Pearce, 3c Shanagarry South, Co. Cork

1988 First Appeal.

Ground Floor:	7,306 sq.ft.	@	£1.75	=	£12,785.50
Shop:	408 sq.ft.	@	£3.00	=	£ 1,224.00
First Floor:	2,056 sq.ft.	@	£1.00	=	<u>£ 2,056.00</u>
					£16,065.50

N.A.V.:	£16,000	@	.5%	=	£ 80.00
Add Domestic:				=	<u>£ 20.00</u>
R.V.:				=	£100.00

Mr. Conroy said that this comparison was inferior to the subject but that it did provide best evidence as to the appropriate levels for the subject property.

(2) Cobh Heritage Trust Limited, 23,24A Ringmeen, Cork.

1993 First Appeal.

Entire Centre:	20,000 sq.ft.	@	£1.00	=	£20,000
R.V.:		@	.5%	=	£100.00

Mr. Conroy said that the shop area in this centre had not yet been assessed separately. He said the details of the lease are 900 square feet from August, 1994 at £12,500 per annum.

(3) Jameson Heritage Centre, U.D. Midleton, Co. Cork.

1992 Revision.

Area:	7,306 sq.ft.	@	£7.60	=	£55,555
Add for right of way through old distillery:				=	<u>£ 8,000</u>
					£63,555

R.V.:		@	.63%	=	£400.00.
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This valuation was negotiated with agents acting on behalf of the appellant. Property is held under a leasehold agreement of 35 years from January, 1992 with 5 year review periods at £69,000 per annum.

Oral Hearing:

The oral hearing took place in Cork on the 21st day of March 1996. The appellant was represented by Ms. Mary Linehan of Messrs. Noonan Linehan Carroll, Solicitors with Mr. Patrick Collins of Messrs. Carey Collins and Partners, Auctioneers, Valuers and Property Consultants. Also present was Mr. Michael Tattan, Director of the appellant company.

The respondent was represented by Mr. Peter Conroy of the Valuation Office. Mr. Collins referred to his written submission and said that in his opinion because of the remote location of the subject premises he felt it would be very difficult to rent. He pointed out that the shop is in fact more a showroom for the factory than a commercial venture.

He referred to his comparisons and said that based on comparative evidence for industrial premises his estimate of rateable valuation for the subject premises was in the region of £114.

Mr. Conroy referred to the first of the comparisons put forward by Mr. Collins and stated that this was a very old building and located in an industrial estate which was also vacant.

Referring to the location of the subject, Mr. Conroy said that while the property was located in a small rural village, it was nonetheless close to the main pottery workshops for Shanagarry Pottery and that it was Shanagarry pottery which was sold in the subject property. Mr. Conroy pointed out that East Cork and in particular this part of East Cork is extremely popular with tourists and he referred to the proximity of Ballymaloe House and Ballymaloe Cookery School and the growing tourist industry in nearby Ballycotton.

Mr. Conroy stressed that when considering the hypothetical tenant one must first look to the owners of the subject since it was purpose built. He said that industrial rates were not entirely appropriate by way of comparison as the property comprised mainly a display area, a gallery which can be used for art exhibition purposes, a coffee shop and an actual shop for the sale of the pottery.

Referring to the development costs, Mr. Conroy stressed that these indicated the very high quality of the building.

In reply to questions from Ms. Linehan, Mr. Conroy confirmed that heritage centres which he had used as part of his comparative evidence, did have the advantage of being promoted by An Board Failte but he pointed out that the rates applied to the said heritage centres were much greater than his estimate of net annual value for the subject.

Determination:

While the subject property is located in a small rural village nonetheless Shanagarry and this part of East Cork generally has become popular and well known in the tourist market.

The building is undeniably attractive and the Tribunal accepts Mr. Conroy's point that its location is largely determined by the existence of the original pottery. The Tribunal notes too that the building is part of a larger and on-going project.

Because of the unusual nature of the subject property it does not seem to the Tribunal that it can be compared directly to industrial buildings. Mr. Conroy appears to have been reasonable in his assessment of net annual value in this case particularly by comparison to the adjacent pottery.

In the circumstances therefore, and in light of all of the evidence adduced, the Tribunal affirms the decision of the respondent.