

Appeal No. VA95/6/011

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

Chilton Electric Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and land at Map Ref: 6B, Townland: Shamrockhill, ED: Dunleer, RD: Ardee No. 1, Co. Louth
Quantum - Allowance

B E F O R E

Fred Devlin

FRICS.ACI Arb. (Acting Chairman)

Brid Mimmagh

Solicitor

Marie Connellan

Solicitor

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

By Notice of Appeal dated the 6th November, 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £960 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 on other grounds also."

The Property:

The property is a factory situated on the Ardee road on the outskirts of Dunleer in a small industrial estate. The site is elevated and there is car parking for trucks and cars. The property comprises a single storey modern portal frame industrial unit with integrated office accommodation constructed in 1980. The extension is of similar quality erected to the rear in early 1994. The original factory has concrete block walls and insulated cladding to roof, while the new extension has insulated cladding to roof and cladded walls to portal frame. There is a sprinkler system and blow air heating. The floor area comprises 74,134 square feet of factory and 11,927 square feet of office accommodation.

Valuation History:

The property was first valued on 1981 revision at £850. In 1994 revision following the erection of an extension the valuation was increased to £1,015 and this was reduced to £960 at 1994 First Appeal. It is against this figure of £960 that an appeal lies to the Tribunal.

Written Submissions:

A written submission was received on the 14th May, 1996 from Mr. Tom Davenport, ARICS of Lisney on behalf of the appellant. In his written submission, Mr. Davenport described the subject premises, set out his valuation history and gave his valuation considerations.

He gave details of his estimate of net annual value/rateable valuation as follows:-

"Method One

Main Offices	9,850 sq.ft.	@	£2.25 p.s.f.	=	£22,163
Production Area	61,126 sq.ft.	@	£1.50 p.s.f.	=	£91,689
New Extension	12,976 sq.ft.	@	£1.40 p.s.f.	=	£18,166
Works, Canteen/Toilets	2,142 sq.ft.	@	£1.75 p.s.f.	=	£ 3,748
Total Net Annual Value	£135,000				

Method Two

Analysis of Purchase Price:-

Purchase Price of Premises (1985)	-	£850,000
Capital value decapitalised at 13%	equals to	7.7 years purchase.
Estimated Rental Value		£110,000

Add for New Extension

Warehouse	12,976 sq.ft.	@	£1.40 psf	=	£18,166
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Works, Canteen/Toilets	2,148 sq.ft.	@ £1.75 psf	=	£ 3,748
Total Net Annual Value	£132,000			

Estimate of Rateable Valuation

Estimated Net Annual Value as at November, 1988	£135,000
Using the factor 0.5% to translate Net Annual Value into Rateable Valuation.	
Rateable Valuation of Building	£135,000 x 0.5% = RV£675 (buildings)
Add for Miscellaneous Items as agreed	RV£40
Total Rateable Valuation	RV£715"

Mr. Davenport gave details of five comparisons in support of the rateable valuation which he had attributed to the subject premises. These comparisons are briefly summarised below:-

(1) **Thermal Heat Exchangers (Ireland) Limited (formerly Millex), Drogheda, Co. Louth.**

1989 First Appeal.

Rateable Valuation £1,000

Analysis:-

Offices	7,750sq.ft.	@	£3.00
Warehouse/Factory	72,274sq.ft.	@	£1.75
Plant	5,162sq.ft.	@	£1.50

(2) **Brother Industrial (Ireland) Limited, Donore Industrial Estate, Drogheda, Co. Louth.**

1993/4 First Appeal.

Rateable Valuation £375.

Analysis:-

Offices	4,470sq.ft.	@	£3.00
Warehouse	21,678sq.ft.	@	£2.10

(3) **New Era Packaging, Donore Industrial Estate, Drogheda, Co. Louth.**

1992/1 Appeal.

Rateable Valuation £563.

Analysis:-

Offices	8,240sq.ft.	@	£3.00
Warehouse	27,150sq.ft.	@	£2.00

(4) **Panpak Limited, Greenore, Co. Louth.**

1988 Appeal.
Rateable Valuation £375.

Analysis:-

Offices	1,322sq.ft.	@	£2.00
Factory/Warehouses	68,653sq.ft.	@	£1.00

(5) **Duggan Steel Limited, Dublin Road, Kilkenny.**

Valuation Tribunal Appeal (VA94/3/026).

Rateable Valuation £350.

Analysis:-

Offices	1,500sq.ft.	@	£3.00
Warehouse	30,000sq.ft.	@	£1.75

A written submission was received on the 10th May, 1996 from Mr. Malachy Oakes, District Valuer with over 20 years experience in the Valuation Office on behalf of the respondent. In his written submission, Mr. Oakes described the subject premises, its location and valuation history and gave his valuation considerations. He said that the rateable valuation on this property had been agreed at first appeal and that the reduction to £960 had been given on this basis.

He set out his estimate of rateable valuation on the subject premises as follows:-

"Offices	11,927 ft ²	@	£3.00 =	£ 35,781
Factory	74,134 ft ²	@	£2.00 =	£148,268
External Store	280 ft ²	@	£1.50 =	<u>£ 420</u>
				£184,469

RV at 0.5%		=	£922
Add:	Horsepower 680 @ 5p	=	£ 34
	2 x 11,000 gal. tank - say		<u>£ 10</u>
Total			£966

Say £960"

In support of his estimate of rateable valuation Mr. Oakes supplied details of three comparisons which are briefly summarised below:-

- (1) **Farrell Brothers, Lot 16g²hj, Cappocksgreen, Ardee Urban, Co. Louth.**
Rateable valuation £250.

Factory	14,042 ft ²	@	£2.00
Offices	1,614 ft ²	@	£3.00

- (2) **Brother Industrial (Ireland) Limited, ED: Rathmullen (Part of), Urban District of Drogheda, Co. Louth.**
Rateable Valuation £375.

Factory	21,927 ft ²	@	£2.10
Offices	4,470 ft ²	@	£3.00

- (3) **Lot 37E, Marshes Upper, Urban District of Dundalk, Co. Louth.**
Rateable Valuation £700.

Offices	9,842 ft ²	@	£3.15
Factory	13,683 ft ²	@	£3.15

Oral Hearing:

The oral hearing took place in Dublin on the 20th day of May, 1996. The appellant was represented by Mr. Tom Davenport of Lisney accompanied by Mr. Walsh, Financial Controller of the appellant company. The respondent was represented by Mr. Malachy Oakes, District Valuer in the Valuation Office.

After both parties had taken the oath and admitted their written submissions into evidence, the Tribunal queried the assertion in Mr. Oakes' written submission that a reduction to £960 had been "verbally agreed with the agent." Mr. Oakes stated that it was his understanding of their earlier communications that such was the case, but this was refuted by Mr. Davenport and it did emerge that at the time of discussions, there was also another property which was the subject of negotiations between the parties. In the light of the obvious conflict herein, the Tribunal accepted that there had been a genuine misunderstanding between the parties.

Mr. Davenport, referring to his written submission, indicated that the property was situate in the town of Dunleer, which is a small town with a population of approximately 1,100 people and approximately ½ mile east of the Dunleer by-pass which forms part of the M1 Motorway out of Dublin. He stated that in fact the premises were built in or around 1978 to 1980 and an extension had been added in 1992. It was further indicated that the floor area had been agreed as had the miscellaneous items at a valuation of £40.

In continuing his oral evidence, Mr. Davenport indicated that the principal factors relating to the valuation of Chilton Electric Limited, the subject premises, were:-

(1) *Location:-*

Subject is situated in a rural village by-passed by the main thoroughfare, in an inferior location to either Dundalk or Drogheda, the adjoining towns.

(2) *The actual building itself:-*

Construction was dated and because of the size of the building there should be some quantum allowance given.

In this regard he further referred to the standard of the works canteen and the toilets in the building. In referring to his comparisons, Mr. Davenport considered his first comparison of Thermal Heat Exchangers (Ireland) Limited to be a premises of the same size, but in a much superior location. His second comparison, Brother Industrial (Ireland) Limited in Drogheda had been agreed on appeal and in considering same, Mr. Davenport adjusted the rate per square foot for the subject premises to reflect the quantum element and the difference in location. His third comparison, New Era Packaging at Drogheda was a more modern building. The comparison of Panpak Limited, Greenore which was extended in 1987, was in a more remote location and this rateable valuation had been agreed in 1988. Mr. Davenport's final comparison of Duggan Steel Limited in Kilkenny was in a better location he said and he analysed it at £3 per square foot for offices and £1.75 per square foot for the warehouse element.

In cross-examination by Mr. Oakes, Mr. Davenport agreed there was another electrical factory in the same area. Mr. Oakes further queried the costs of the extension to the subject premises but this was not considered as there was no factual evidence offered in this regard. Further, in cross-examination, Mr. Oakes suggested that the first comparison was not particularly relevant as its valuation was assessed in the very early stages.

In offering evidence on behalf of the respondent, Mr. Oakes relied substantially on his written submission and in reference to his third comparison being lot 37(e) Marshes Upper, Urban District of Dundalk, he indicated that it was of somewhat better quality.

Mr. Oakes said that his best comparison was the Brother Industrial (Ireland) Limited at Drogheda, with a rateable valuation of £375. In cross-examination of Mr. Oakes' by Mr. Davenport, Mr. Oakes accepted that his third comparison was of a higher quality than the subject but insisted that in regard to the Brother Industrial (Ireland) Limited factory at Drogheda, that there was little difference from a location point of view between Drogheda and Dunleer.

Determination:

The Tribunal has considered both the written and oral evidence offered. In coming to its decision the Tribunal has attached little weight to the appellant's fourth and fifth comparisons. While it considered that the location in question is a consideration, the comparison of Brother Industrial (Ireland) Limited factory was helpful. However the Tribunal considers that there should be some quantum reduction, taking into account the size of the subject premises. The comparison of Thermal Heat Exchangers (Ireland) Limited was discounted by the Tribunal, because of the disparity in the evidence offered and the lack of direct or substantiated evidence.

Taking all relevant factors into account, the Tribunal considers that the proper rateable valuation of the subject premises is £920 and so determines.