

Appeal No. VA95/6/025

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

**A.I.B. Bank, Sutton**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Bank at Map Ref: 4 - 9b, Howth Road, Townland: Burrow, E.D Howth, R.D. Howth, Co. Dublin

Quantum - Zoning or overall rate psft valuation method

**B E F O R E**

**Liam McKechnie**

**S.C. Chairman**

**Mary Devins**

**Solicitor**

**Barry Smyth**

**FRICS.FSCS**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 27TH DAY OF SEPTEMBER, 1996**

By Notice of Appeal dated the 7th November, 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £440 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the valuation is excessive, inequitable and bad in law".

**Oral Hearing:**

This appeal was heard by way of an oral hearing which took place in Dublin on the 10th day of June, 1996. Mr. Alan McMillan, ARICS MIAVI ASCS and a Director of Donal O'Buachalla & Company Limited appeared on behalf of the appellant. Mr. Noel Rooney, Dip.E.Econ, a District Valuer with 24 years experience 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 between them and received by this Tribunal. From the evidence so tendered the following relevant facts emerged as being material to this appeal.

**The Property:**

The property comprises the ground floor and part basement area of a mainly two storey building constructed in the late 1980's which building is generally known as the Superquinn Shopping Centre. This centre comprises, on the ground floor in addition to the subject, six shops and the access and reception area serving upper floor offices. The subject premises comprises a branch bank with on the ground floor a banking hall, private offices, staff accommodation, including wc's and canteen and in the basement a strong room and store room.

**Valuation History:**

The new bank premises were valued in May, 1990 at £530 which was appealed. In October, 1993 the Commissioner of Valuation affirmed the rateable valuation of £530 and this in turn was appealed to the Valuation Tribunal. On the 22nd July, 1994 the Valuation Tribunal issued a written judgement determining that the rateable valuation be struck out. In November, 1994 the premises were valued at rateable valuation £530. At the First Appeal the Commissioner of Valuation reduced this to rateable valuation £440 and it is this latter figure that is the subject of this appeal to the Tribunal.

**The Essential Evidence & Submissions of Both Parties:**

Mr. McMillan, on behalf of the rate payer set out the location and description of the premises and analysed the rateable valuation of £440 and commented thereon. He listed details of the floor area and rateable valuation of ten bank premises and also made reference to the rateable valuations and net annual values of the shop units adjoining the subject. He set out his estimate of a fair rateable valuation as follows:-

"Ground Floor            2,300 sq.ft. @ £16.50 psf    =        £37,950

Basement	629 sq.ft. @ £ 8.00 psf	=	<u>£ 5,032</u>
	NAV	=	£42,982
	RV @ 0.63%	=	£270."

Mr. Rooney, on behalf of the Commissioner set out the valuation history, the location and description of the property and gave details of six comparisons comprising an adjacent bank, an adjacent building society, three of the neighbouring shops and a bank premises at Raheny. He set out his estimate of the fair rateable valuation as follows:-

"Ground Floor Zone A	1,206 sq.ft. @ £36.00 psf	=	£43,416
Zone B	1,094 sq.ft. @ £18.00 psf	=	£19,692
(Total	2,300 sq.ft)		
Basement	629 sq.ft. @ £10.00 psf	=	<u>£ 6,290</u>
			£69,398
	R.V. @ 0.63%	=	£437.20
	Say	=	£440."

### **Findings & Determination of the Tribunal:**

Both parties were agreed on the nature of the location of the premises and were largely in agreement on their description of the premises. Some difference of opinion emerged as to the prominence of the subject premises, vis-à-vis its neighbours, the affect of two structural columns within the shop front and the impact of the rental value on three of the neighbouring shops which although basically in line with the subject are effectively set back behind a covered arcade with structural columns supporting the overhanging upper floor offices.

The significant point of dispute however, centred on whether the ground floor of the subject property should be treated as an overall unit at a rate per square foot compared with banks or other shops devalued on the same basis or whether the subject should be zoned in 20 foot depth and compared with the rents of neighbouring properties analysed on that zoning basis. Mr. McMillan supported the former, whereas Mr. Rooney urged acceptance of the latter. Even though the floor areas were agreed and even when one utilised the same comparisons, nevertheless the resulting net annual value differed greatly depending on which approach was adopted.

In considering this, indeed in any appeal, it is necessary to ascertain the net annual value of the subject premises and therefrom to establish its rateable valuation. In carrying out this exercise there are available, at least in theory a number of different approaches. Depending however, on the specific property in question it may be that one approach may be definitive as against all others or it may be that resort has to be had to more than one in order to test the

appropriateness and reliability of both. This case, for the reasons following, falls into the latter category.

Zoning is one tool of analysing retail rents but unless its appropriateness is beyond question, it must be treated with some care if not reserve. It is basically suitable for comparing shops of similar frontages and similar location. Frontages notably larger or smaller than the norm may require to be treated differently as would corner premises or premises with two frontages. There is an ideal relationship between frontage and depth of 1 to 2.5 and a variation in the depth may make the shop more or less valuable and in such circumstances zoning is appropriate. However, where the frontage is greatly in excess of the norm and the depth not in ratio, a distorted figure of rental value could result if the zoning basis was utilised in isolation without considering other factors such as the size of the unit in relation both to the comparisons being utilised and its neighbouring properties and the general size of units in the locality.

It is the view of the Tribunal that a zoning basis in isolation and without consideration of other factors is not appropriate for the subject property because its frontage exceeds its depth and the ratio of frontage to depth is in the order of 6 to 5 and the size of the unit is a minimum of twice the size and as much as almost 4 times the size of some of the premises used as comparisons. Consideration must also be given to the overall rates per square foot for comparisons and the subject premises and none of the comparisons of similar size approach the level of £28 per square foot applied by the respondent to the subject premises. Indeed only one, the Educational Building Society exceeds this level and others range from £17 to £24 per square foot. In addition to looking at Zone A rents for comparative purposes consideration should also be given to the overall rates per square foot, the quantum and the valuer's judgement used in the analysis and application of the ensuing figures.

Having regard to the foregoing and the evidence adduced by the parties the Tribunal determines the rateable valuation calculated as follows:-

Ground floor 2,300 sq.ft. @ £20 psf = £46,000 per annum

(to reflect a reduction for quantum in comparison with its neighbours in the same development and an increase on the figures applicable to the neighbouring Bank of Ireland premises and Xtra-Vision on the basis of a better frontage and a more modern premises).

Basement 629 sq.ft. @ £8 psf = £5,032 per annum

Total = £51,032

@ 0.63% = £320.50

**Say = £320** and the Tribunal so determines.