

Appeal No. VA96/2/021

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

Hickey & Company Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Shop at Map Ref: 234 (Local 227) Townland: Tallaght, E.D. Tallaght West (Tallaght -
Springfield), R.D. South Dublin, Co. Dublin
Quantum - Affect of designation

B E F O R E
Fred Devlin

FRICS.ACI Arb. (Acting Chairman)

Con Guiney

Barrister

Brid Mimmagh

Solicitor

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 1ST DAY OF NOVEMBER, 1996

1. This appeal is in respect of a retail unit located at Level No. 2 in the Square Shopping Centre, Tallaght, Dublin 24.
2. The appeal proceeded by way of an oral hearing held in Dublin on the 9th day of September, 1996 at which the appellant was represented by Mr. Joseph Bardon, ARICS ASCS of Hennigan and Company. The respondent was represented by Mr. Patrick Kyne, BE ARICS, Chartered Surveyor with 12 years experience in the Valuation Office. Both valuers having taken the oath adopted their written submissions as their evidence in chief.

3. The subject property has an agreed net floor area of 3,097 sq.ft. and by common consent is located on the best of the three retailing levels in The Square Shopping Centre. The unit is somewhat irregular in configuration with a mall frontage of 28 ft.
4. The Square is an enclosed three storey shopping centre with an area of some 490,000 sq. ft. and provides some 140 retail units, 5 major stores, a number of restaurants and a twelve screen multi-plex cinema and on site car parking for over 3,000 cars. The centre which was first opened in late 1990, is fully let and it is presently being extended.
5. The subject unit was purchased by the appellants in September, 1989 for the sum of £800,000 subject to a long lease at a nominal annual rent, and according to Mr. Kyne a further £250,000 was spent on fitting out the unit to its present state and circumstance.
6. The subject was first valued at 1991/4 revision and the valuation fixed at £760. On foot of an application for revision by the appellant the rateable valuation was reduced to £620 in 1994 and it is against this assessment that this appeal lies to the Tribunal.
7. Mr. Bardon contended that an examination of the initial rental levels in the Centre showed a lack of consistency and uniformity. Since the Commissioner of Valuation had regard to the passing rents in arriving at the rateable valuations so also was there a lack of consistency in the assessments. Rents he said varied from £24.75 per sq.ft. to over £40 per sq.ft. on Level 2. The fact that the assessments of 40 units in the centre were reduced by 15% at First Appeal stage further added to this in-built inconsistency. The Commissioner of Valuation, he contended, had made no effort to analyse all the rental evidence available within the Centre and following the analysis to introduce a uniform tone of the list for all the units. Under the circumstances therefore he suggested that a more appropriate and equally valid method of valuation would be to examine the sale prices obtained for a number of units and to decapitalise these figures in order to arrive at rental value. In support of this contention Mr. Bardon gave details of five transactions and on the basis of this evidence arrived at a rateable valuation for the subject unit of £455 as set out below:-

"Capital Cost	say £900,000
Decapitalise at 9.4%	£ 84,586
Allow 15% as per appeal settlement - NAV	£ 71,898
Rateable Valuation	<u>x .63%</u>
	£452.96
	Say £455.00"

8. Under cross examination Mr. Bardon agreed that he did not have first hand knowledge of these transactions and was relying upon information provided to him by a business colleague.
9. Mr. Kyne outlined the valuation approach taken at First Appeal stage following the 1991/4 revision. The 15% reduction granted was made up as follows, 7% to represent the difference in rental values between 1989 and November, 1988 and a further reduction of 8% to reflect the benefits of designation.
10. Mr. Kyne set out his assessment of rateable valuation as follows:-
- | | | | | | |
|---|-------------|---|--------|---|-------------------------|
| "Shop | 3097 sq.ft. | @ | £37.50 | = | £166,137 pa |
| Less 15% (as per other settlements in Square) | | | | = | £98,716 pa (£31.87 psf) |
| RV = 0.63% of NAV | | | | = | £621.9 Say £620" |
11. In arriving at his opinion of net annual value he had relied upon the assessments of six units on Level 2 which were supported by the actual rents passing in each instance.
Details of these are set out in the Appendix attached hereto.
12. Mr. Kyne said that in his opinion Mr. Bardon's valuation method was inappropriate and in any event did not take into account the fitting out costs of £250,000 nor the fact that it was one of the first units sold in the Centre.
13. Having examined all the evidence in this appeal the Tribunal prefers Mr. Kyne's valuation method and attaches little weight to Mr. Bardon's evidence. In the light of the compelling evidence of assessments based on actual rents, the Tribunal can see no good reason to prefer the evidence of capital transactions put forward by Mr. Bardon.

14. Mr. Kyne in his evidence provides details of six lettings of units on Level 2 varying in size from 1,988 sq.ft. to 3,853 sq.ft.. An analysis of the net annual values derived from these lettings shows a sq.ft. rate varying from a high of £45 per sq.ft. for comparison No. 2 to a low of £26 per sq.ft. in respect of comparison No. 6.
15. Having regard to this evidence the Tribunal considers Mr. Kyne's valuation of the subject property to be fair and reasonable and well supported by the comparisons introduced by him.

Accordingly, therefore the Tribunal affirms the valuation of the subject property to be £620.

