

Appeal No. VA96/2/065

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

A.I.B. Bank, Limerick

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Bank at Map Ref: Part 106 to 108 (including 20 Lr. Cecil Street (ground floor and basement)), O'Connell Street, Ward: Shannon A, County Borough of Limerick
Quantum - Facts to be agreed

B E F O R E

Liam McKechnie - S.C.

Chairman

Rita Tynan - Solicitor

Member

Patrick Riney - FRICS.FSCS.MIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF FEBRUARY, 1997

By Notice of Appeal dated the 23rd April, 1996 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £925 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:

- "(1) The valuation is excessive and inequitable.
- (2) The valuation is bad in law".

The Property:

The property comprises a bank building in Limerick city. The premises has a ground floor with access doors from O'Connell Street and Lower Cecil Street and an open plan banking hall with staff offices to the rear. Two ATM machines have been fitted to the front wall (O'Connell Street). The areas were agreed between the parties as follows:-

Gr. Fl. Banking Hall Offices	7836 sq.ft.
First Floor Staff Room	310 sq.ft.
Basement Canteen	1580 sq.ft.
Stores	1196 sq.ft.
Cash Centre/Basement Vault	1142 sq.ft.
Car Spaces (Staff)	5 spaces

Valuation History:

Prior to 1993 the hereditament had a rateable valuation of £880. This figure was agreed at 1986 First Appeal. On revision in November, 1993 the rateable valuation of £880 was increased to £925. The rateable valuation was appealed to the Commissioner of Valuation but no change was made at First Appeal. It is against this determination of the Commissioner of Valuation that this appeal lies to the Tribunal.

Tenure:

The ground floor is held under two leases as follows:-

Banking Hall	-	56 years from 29th September, 1970, subject to review in years 14 and 35, at rent £13,499.23 pa.
Ground Floor Offices	-	56 years from 29th September, 1970, subject to review in years 14 and 35, current rent £5,227.94 pa.
Basement	-	56 years from 29th September, 1970 to be reviewed in years 14 and 35, current rent £6,277.83 pa.
Annex	-	48 year lease from 1st October, 1978 with rent reviews every 5 years, current rent £1,250 pa.

Written Submissions:

In advance of hearing written submissions were submitted by Ms. Sheelagh O'Buachalla, BA, an Associate of the Society of Chartered Surveyors and in the employment of Donal O'Buachalla & Company Limited on behalf of the appellant. In her written submission,

Ms. O'Buachalla described the subject premises and gave her opinion of rateable valuation as follows:-

"Banking Hall Offices	7,836 sq.ft.	@	£12	=	£94,032
Basement/Cash Centre	1,142 sq.ft.	@	£7	=	£ 7,994
Canteen	1,580 sq.ft.	@	£5	=	£ 7,900
Safes	1,996 sq.ft.	@	£7	=	£13,972
Car Spaces	5	@	£300	=	<u>£ 1,500</u>
Total NAV		@	0.63%	=	£125,398
			RV	=	£790"

Ms. O'Buachalla supported her case with three comparisons.

- (1) Bank of Ireland, 94, O'Connell Street, Limerick
- (2) AIB Bank, 9, 10, 11 Upper William Street, Limerick
- (3) TSB Bank, 48 Upper William Street, Limerick

A written submission was received on the 21st January, 1997 from Mr. Shay Aylward, B.Comm, a District Valuer with 22 years experience in the Valuation Office and a graduate of the ACCA on behalf of the respondent. In his written submission, Mr. Aylward described the subject premises and gave its valuation history as set out above.

Mr. Aylward gave his assessment of rateable valuation on the subject premises as follows:-

"G.F. Bank (Zone A)	2,009 sq.ft.	@	£40.00/sq.ft.	=	£ 80,360
G.F. Bank (Zone B)	1,829 sq.ft.	@	£20.00/sq.ft.	=	£ 36,580
G.F. Bank (Zone C)	1,275 sq.ft.	@	£10.00/sq.ft.	=	£ 12,750
G.F. Bank (balance)	2,723 sq.ft.	@	£ 5.00/sq.ft.	=	<u>£ 13,615</u>
Total of Ground Floor					£143,305
Adjust for Quantum allowance 6.5%					<u>£ 9,315</u>
					£133,990
[Average G.F. rental = £17.10/sq.ft]					
1st Fl. Staffroom	310 sq.ft.	@	£6.00/sq.ft.	=	£ 1,860
Basement Canteen	1,580 sq.ft.	@	£4.00/sq.ft.	=	£ 6,320
StrongRoom/Access/Stores Cash Centre;	1,196 sq.ft.	@	£5.00/sq.ft.	=	£ 5,980
Basement Vaults/Operations	1,142 sq.ft.	@	£9.00/sq.ft.	=	£10,278
Car Spaces (staff)	5 spaces	@	£300/each		<u>£ 1,500</u>
			Total		£25,938
Allowances for quantum, say 2.5%					<u>£ 648</u>
					<u>£ 25,290</u>
Total NAV					£154,265
Take 0.63%		=	£971.86		
Present RV					£925"

Mr. Aylward supported his estimate of rateable valuation with four comparisons.

- (A) Bank of Ireland, 125 - 128 O'Connell Street (incl. 1 - 3 Bedford Row), Limerick.
- (B) A.C.C. Bank Limited, 131 (pt) O'Connell Street, Limerick.
- (C) Bank of Ireland, 94 O'Connell Street, Limerick
- (D) Bank of Ireland, 1 Phoenix Street, Cork.

Oral Hearing:

The oral hearing took place in the Council Chamber, Limerick County Council on Wednesday

5th February, 1997. Ms. Sheelagh O'Buachalla represented the appellant and Mr. Shay Aylward represented the respondent.

In commencing the appellant's case, Ms. O'Buachalla having taken the oath adopted her précis as being her evidence in chief and referred in some detail to various sections thereof. She pointed out that the floor areas, in the respondent's submission, dealing with the first floor staff room and the net annual value applicable to the car spaces were now agreed between the parties, and that the only point now in dispute was in relation to the estimated net annual value applicable to the ground floor banking areas.

Ms. O'Buachalla while accepting that the subject premises was situated on the main shopping street in Limerick city, pointed out this was a secondary location and this was accepted by Mr. Aylward. In continuing, she indicated that the prime shopping part of O'Connell Street was about two blocks away at the junction of Bedford Row opposite the entrance to Cruises Street Shopping Centre and the Arthurs Quay Shopping Centre.

Ms. O'Buachalla also emphasised that the zoning of banking hall areas was inappropriate and in support thereof referred to the Tribunal's findings in *Ulster Bank Limited v. Commissioner of Valuation (VA95/1/046)* where at page 8 it was stated "1. That the zoning method of valuation is not appropriate in this instance and that an overall rate psf should be applied to the banking hall area at ground floor level". She also referred to *Champion Sports Limited v. Commissioner of Valuation (VA95/1/104)* wherein Mr. Cuddihy stated that "he knew of no other premises on Grafton Street valued at an overall rate psf other than possibly banks and department stores".

In referring to her comparisons, she pointed out that comparison No. 1 the Bank of Ireland at 94, O'Connell Street was an inferior location to the subject. However, this comparison was

less than half the size of the A.I.B Bank premises and could be quite relevant when suitable allowances were made for size and location. In referring to the respondent's comparisons, Ms. O'Buachalla questioned as to how £40 psf on the subject property could be justified, when a similar price psf was used on 125 - 128, O'Connell Street, that is, the Bank of Ireland premises, which was in a far superior location.

Mr. Shay Aylward having taken the oath adopted his précis as being his evidence in chief and in general had no major queries in regard to the appellant's submission. He emphasised that the zoning of banking halls had occurred previously and he referred to two cases where this had been established with rating consultants:-

- (1) Comparison No. 2, that is, 131 O'Connell Street, the ACC Bank Limited. This had been an agreed valuation at First Appeal stage in the 1993/4 appeal period. He confirmed the zoning method had been accepted by consultant, Eamonn O'Kennedy.
- (2) Comparison No. 3, that is, 94 O'Connell Street, occupied by Bank of Ireland, this rateable valuation of £540 had been agreed in 1993/4 First Appeal period, with agents Lisney & Son.

In view of the foregoing precedents, he submitted that it was reasonable for the Tribunal to adopt the zoning method as being a suitable approach for assessing a fair rateable valuation on the subject property.

Mr. Aylward also pointed out that, after allowing for the agreed floor areas and a suitable allowance for the subject property not being situated in as good a position as the locations of comparison A, that is, 125 - 128 O'Connell Street and comparison B, that is, 131 O'Connell Street, he had arrived at an effective rate psf for the banking hall area of £15.50.

Determination:

The Tribunal has considered all the evidence submitted at the oral hearing and the various submissions made thereat. Its members have also carried out a cursory inspection of most of the comparisons.

The Tribunal would like to encourage all agents and valuers appearing before it to endeavour, as far as possible, prior to the Tribunal hearing to agree all major points, in particular the floor areas involved. Also it would be most desirable to obtain suitable maps and photographs for the subject properties and all comparisons referred to.

In view of the arguments made by the appellant's agent and referring to the Ulster Bank Limited and Champion Sports Limited cases the Tribunal are of the opinion that the use of the zoning method for banking hall areas is not appropriate in this case.

In view of the foregoing and accepting that the subject property is in a secondary location to comparison A, that is, 125 - 128 O'Connell Street, which is occupied by Bank of Ireland, we would consider this to be the most appropriate comparison in enabling us arrive at a fair rateable valuation on the A.I.B premises at 106 - 108 O'Connell Street. In analysing an overall rate psf on the banking hall area of comparison A, it is accepted that a rate psf of £16.56 approximately is applicable.

Having considered all of the evidence submitted and points raised, we are of the opinion that the correct assessment of rateable valuation on the subject property should be as follows:-

Banking hall/offices	7,836 sq.ft.	@ £15.00 psf	=	£117,540
(Agree NAV for balance of areas as set out in				
Valuation Office submission quoted above at Page 3)			=	<u>£ 25,290</u>
		NAV	=	£142,830
				<u>@ 0.63%</u>
		RV	=	£899.83
		Say RV	=	£900

In conclusion, the Tribunal hereby determines the correct rateable valuation to be £900.