

Appeal No. VA96/4/023

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

**Marina Joinery Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Factory at Map Ref: 2P, Townland: Ballytrasna, ED: Caherlag, RD: Cork Upper, Co. Cork  
Quantum - Factory space - Cork

**B E F O R E**

**Con Guiney - Barrister at Law**

**Deputy Chairman**

**Barry Smyth - FRICS.FSCS**

**Member**

**Finian Brannigan - Solicitor**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 22ND DAY OF JULY, 1997**

By Notice of Appeal dated the 26th August, 1996 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £840 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 other matters".

The appeal proceeded by way of an oral hearing which took place in the District Courthouse, Anglesea Street, Cork on the 6th day of May, 1997. The Appellant was represented by Mr. Peter Deller, FSCS FRICS FIAVI of Hamilton Osborne King. The Respondent was represented by Mr. Terry Dineen, B.Ag.Sc., District Valuer in the Valuation Office.

Having taken the oath each Valuer adopted as their evidence in chief their respective written submissions which had previously been exchanged by them and submitted to the Tribunal.

**Agreed Facts:**

The property is located approximately 5 miles due east of Cork City at Little Island the city's leading industrial area. The property comprises a factory and offices of approximately 8,187 sq.m. (88,124 sq.ft.) with head room of approximately 5m (16 feet). Mains water, drainage and electricity are connected and the factory and offices have the usual services. There is a sprinkler system installed. The initial factory was built c. 1974 and has been extended over the years. Title is free hold. The property was sold to the present owners in 1994 for £560,000.

Two elements of the rateable valuation were not in dispute between the parties, namely miscellaneous items at £20 and the office content comprising 4,250 sq.ft. at £3 psf giving an NAV of £12,750.

**Oral Hearing:**

**The Appellant's Case: Mr. Peter Deller**

Mr. Deller stated that in his opinion the rateable valuation assessed at £840 was too high as it indicated an NAV at November, 1988 of £168,000 which could be devalued as follows:-

Factory	78,634 sq.ft.	@	£1.86 psf
Plantroom	5,240 sq.ft.	@	£1.00 psf

He stated that:

the market in Munster generally at the relevant date in November, 1988 was extremely depressed, the accommodation of nearly 90,000 sq.ft. is massive in Cork terms, the site area is almost completely covered and there is no opportunity or space for expansion, quantum is an important and vital factor, the premises is old fashioned having been constructed in 1973/4, it is manufacturing space rather than warehousing, the sale price in 1994 at £560,000 and estimated that it would have been 20 to 25% less in 1988.

Mr. Deller gave five comparisons in support of his estimate of NAV and thus rateable valuation:-

**1. Hendrickson (Europe) Limited, Courtstown Industrial Est., Little Island, Cork**

35 year lease with 5 year reviews from the 1st November, 1979. The rent was reviewed in November, 1989 to £34,000 pa. This is analysed as follows:-

Warehouse/Factory	16,725 sq.ft.	@	£1.75 psf
Offices/Canteen	1,600 sq.ft.	@	£3.00 psf

**2. Simon Eurolift, Courtstown Industrial Estate, Little Island, Cork**

18 month lease from October, 1989 at £20,000 pa. This is analysed as follows:-

Warehouse including Offices	12,460 sq.ft.	@	£1.60 psf
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**3. Showerlux, Castle Road, Little Island, Cork**

RV was agreed in 1989/3 First Appeal at £580. This is analysed as follows:-

Factory	46,332 sq.ft.	@	£1.75 psf
Offices	2,085 sq.ft.	@	£3.25 psf

This analysis concurs with Mr. Dineen's analysis of the same comparison.

**4. Cantrell & Cochrane, Courtstown Industrial Estate, Little Island, Cork**

The decision of the Tribunal (VA90/3/021) delivered on the 1st May 1991 gave a valuation of buildings RV £945. This figure was analysed by Mr. Deller (but note was not analysed in the Tribunal's judgement) as follows:-

Offices	6,574 sq.ft.	@	£3.00 psf
Bottling Hall	14,042 sq.ft.	@	£3.50 psf
Warehouse	48,152 sq.ft.	@	£1.50 psf

This analysis differs from Mr. Dineen's analysis of the same comparison.

**5. Beamish & Crawford Limited, Marina Commercial Park, Centre Park Rd, Cork**

Let for a term of thirty five years from November, 1990 with five year reviews, reviewed in 1995 to £100,000 pa. He analysed this rent as follows:-

Offices	7,000 sq.ft.	@	£3.50 psf
Warehouse	53,000 sq.ft.	@	£1.40 psf

Mr. Deller submitted that the fair rateable valuation is £580 calculated as follows:-

Factory	78,634 sq.ft.	@	£1.20 psf	=	£ 94,361
Plantrooms	5,240 sq.ft.	@	£0.90p psf	=	£ 4,716
Offices	4,250 sq.ft.	@	£3.00 psf	=	<u>£ 12,750</u>
			NAV	=	<u>£111,820</u>
					<u>x 0.5%</u>
			RV	=	£559
			Plus Miscellaneous (agreed)	=	<u>£ 20</u>
			RV	=	<u>£579</u>
			Say	=	£580

He stated that £1.20 psf reflected a quantum reduction for the size of the premises.

Under cross examination he accepted that the site coverage was less than 50% but stated that because of the shape of the building and of the site, circulation was difficult. He accepted that the overall rate per square foot in Beamish & Crawford was £1.66 but stated that the breakdown as given was as Lisney's had agreed on review. He had made no rates correction factor alteration in his assessment of the NAV of the premises because he felt simply that the rates were too high. He commented that in his opinion the tunnel under the Lee had little or

no effect on rental values. In response to a question that as this was a 1996 valuation, the impact of the economic boom at the time should be referred back to 1988, he said that he had not dealt with the matter on this basis and did not think it appropriate. In reply to questions on the Henkel case he said that the Tribunal had stated that in that case there were no comparable properties to the subject of that appeal as it was a very specialised premises. He stated that there was no evidence of a rental value of £2.25 psf in the market. His reduction in rent from an average of £1.72 psf to £1.20/£1.18 psf (a difference of 54p psf) reflected his professional judgement on the basis of comparisons and quantum. Put to him that the lowest level for factory space in Little Island was £1.75 psf, he replied that C. & C. was not at £1.75 psf and that the subject was twice the size of C. & C.. He stated that the bottling hall in C. & C. has 30 foot eaves height and therefore it was appropriately set at a higher rate per square foot than normal space.

**The Respondent's Case: Mr. Terry Dineen**

Mr. Dineen assessed the NAV of the premises at £163,753 calculated on the following basis:-

Factory	83,874 sq.ft.	@	£1.80 psf	=	£150,923
Offices	4,250 sq.ft.	@	£3.00 psf	=	<u>£ 12,780</u>
			NAV	=	£163,753
					<u>x 0.5%</u>
			RV	=	£820
			Horsepower & Boilers	=	<u>£ 20</u>
			RV	=	£840

He stated that the original rateable valuation of £1,035 represented 12.06p psm and his figure represents 10.2p psm, a reduction of 20%. The Appellants figure of £580 represents a figure of 7p psm, a reduction of 50%.

He considered his estimate of rateable valuation reasonable because the NAV is at the £2.25 level approved by the Tribunal in Henkel (*VA93/3/004 - Henkel Ireland Limited v. Commissioner of Valuation*) paragraph 4 page 5 of that judgement in which the Tribunal states:-

*"The Tribunal finds that the indication of a standard of £2.25 for standard factory space indicates that the factory space in the Cork area produces a reasonable rate of return on capital to ensure a continued supply of same."*

In support of his valuation he cited the comparisons set out below, the improved roads including the new tunnel, the three types of rateable valuations on Little Island, namely those made pre-1989 pre-NAV methods, those made from 1989 with a reducing factor of 0.63% and later NAVs at 0.5%. He listed five premises on Little Island with the rate of 15p psm and stated that the rates correction factor would add approximately 10p psf to rental levels.

Mr. Dineen stated that since 1974 rental levels have not justified construction and recent rents being quoted are in the range of £3 psf to £3.25 psf. The reason is improved roads and the tunnel and the improved economy. In his view the Tribunal stated £2.25 psf in the Henkel case because of lack of evidence and/or uneven market at the time.

Mr. Dineen listed three comparisons as follows:-

**1. Showerlux, Castle Road, Little Island, Cork**

Offices	7,486 sq.ft.	@	£3.25 psf
Factory	43,753 sq.ft.	@	£1.75 psf

Further accommodation at various rates. The main figures agree with Mr. Deller's analysis of the same comparison.

**2. Cantrell & Cochrane, Courtstown Industrial Estate, Little Island, Cork**

Offices	6,576 sq.ft.	@	£2.75 psf
Balance	67,000 sq.ft.	@	£1.96 psf

***OR***

Offices	6,576 sq.ft.	@	£2.75 psf
Bottling Hall	14,000 sq.ft.	@	£2.50 psf
Balance	53,000 sq.ft.	@	£1.82 psf

This analysis differs from Mr. Deller's analysis of the same comparison.

### 3. Sea Ray Boats, IDA Industrial Estate, Little Island, Cork

Old areas:

Office                    8,825 sq.ft.    @    £2.75 psf

Factory                 68,926 sq.ft.   @    £1.90 psf

Ancillary accommodation at various rates.

New 1989 Building:

Rear Warehouse Extension    8,072 sq.ft.    @    £1.90 psf

Two-storey Offices                1,937 sq.ft.    @    £2.50 psf

In support of his rate of £1.80 psf v. £1.75 psf on some comparisons, he stated that all of the comparisons were struck and agreed when the reducing factor was 0.63%. He stated that the NAV must reflect the physical and economic conditions at the valuation date (1996) as if it existed in 1988.

Under cross examination Mr. Dineen stated that he could drive a car around the perimeter of the site but was unaware if an articulated truck could travel to all areas of the site. He accepted that it was a factory type premises rather than a warehouse, that it had been built for a particular purpose and was still in a similar use. He stated that he was aware that the private sewerage scheme was not working properly but had no knowledge of the estimate to repair it. He accepted that part of the premises was sub-let at £18,000 pa. He accepted that there was no evidence of rents in 1988 at £2.25 psf in Little Island and accepted the figures in Mr. Deller's comparisons.

In relation to quantum he stated that Showerlux although in the comparisons at 45,000 sq.ft. is in fact 90,000 sq.ft. because it was agreed at £1.75 psf in the knowledge that a further 45,000 sq.ft. was coming on stream the following year and would be agreed at the same level.

He accepted that there were certain special features in Sea Ray Boats including air conditioning and a special water tank.

In relation to the sale price of £560,000 for the subject premises he stated that he would use a figure of five years purchase to devalue this to rental levels. He accepted that the market was better in 1994 than in 1988 but still felt that a similar price would have been achieved for the property. He stated that passing rent was not necessarily the NAV although it is a strong indicator.

**Determination:**

In determining the rateable valuation for any premises the Tribunal has to find the NAV at November, 1988, that is, the rent a hypothetical tenant would pay for the premises.

The Tribunal is not bound by the figure of £2.25 psf mentioned in the Henkel case (VA93/3/004) as the circumstances of that case are not relevant to the subject. In the view of the Tribunal passing rent on the subject premises in or about 1988 is the best evidence and passing rents on comparable properties are also good evidence. NAVs derived from rateable valuations where there is no passing rent are secondary evidence. Although no rent was passing for the subject premises, evidence of market rents for similar premises range from £1.40 psf to £1.75 psf. There is no market evidence at either levels sought by the relevant valuers, that is, £1.20 psf and £1.80 psf.

NAVs derived from rateable valuations indicate rents in the range of £1.50 psf to £1.90 psf depending on the method of analysis.

Beamish & Crawford at Marina Commercial Park appears to the Tribunal to be the most relevant comparison put before it in this case.

Having regard to the foregoing and the evidence adduced by the parties the Tribunal determines the rateable valuation at £720 calculated as follows:-

Factory	7,792 sq.m.	@	£16.15 psm =
	(83,874 sq.ft.)	@	£1.50 psf) = £125,811

Offices	394.8 sq.m.	@	£32.30 psm	
	(4,250 sq.ft.	@	£3.00 psf) =	<u>£ 12,750</u>
				<u>£138,561</u>
		NAV	£140,000	
		RV @ 0.5%	£	700
Miscellaneous Agreed			<u>£</u>	<u>20</u>
	RV		<u>£</u>	<u>720</u>