

Appeal No. VA97/4/035

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

Jim McCall

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Shop and land at Lot No. 27 Main Street, Rathcoole, Co. Dublin
Quantum

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Marie Connellan - Solicitor

Member

Michael Coghlan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 24TH DAY OF JULY, 1998

By Notice of Appeal dated the 29th day of July 1997 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £175 on the above described hereditament.

The grounds of appeal as set out in the Notice are that "the valuation is excessive and inequitable compared to similar type properties recently revised and appealed".

The Property

The subject premises comprises a Supermarket and Off- Licence together with ancillary stores and car park to the rear standing on circa 1 acre located on the Main Street, in the Village of Rathcoole, Co. Dublin. The buildings were renovated and modernised in 1993 and are well finished with tiled floors and suspended tiled ceilings. Construction is of concrete block under pitched and flat roof and concrete floors. The buildings have a frontage of circa 21 metres to the street with a further metre of frontage occupied by the car park access. The street side elevation has aluminium framed display windows. The buildings are a single storey structure and are in good condition throughout save for the rear stores which are only fair.

Accommodation

The agreed floor areas are as follows:-

Description	Sq.Ft.
Supermarket	2,152
Off Licence	1,020
Office/Stores	182
Cold Stores	165
Store/Shed	161

Tenure

The property is occupied under a franchise agreement and operates under the “Spar” logo.

Valuation History

The property was listed for 1995/4 Revision at the request of the Occupier and no change was made to the Valuation of £190. At first appeal the Commissioner reduced the Valuation to £175. It is against this determination of the Commissioner of Valuation that an appeal lies to the Tribunal.

Written Submissions

A written submission was received on the 13th March 1998 from Mr. Eamonn S. Halpin B.Sc. (Surveying) ASCS ARICS MIAVI on behalf of the Appellant.

In his written submission, Mr. Halpin described the subject premises as a convenience store operating under the Spar Banner and Off Licence. The property was purchased for £380,000 in May 1993 including one acre of development land. The buildings are of single storey structure, modernised prior to purchase and are fitted out to a reasonably good standard with the exception of the stores at the rear which he described as poor. He described the village of Rathcoole as a very moderate business location and premises in the area have very moderate rental values. He submitted a large property would be difficult to let in its entirety and would command a lower value relative to the values of smaller shops in the immediate area. He further submitted the opening of the Square in Tallaght has had a detrimental effect on business and the closing of the access at the entrance to the village from the Naas Road over the past few years has virtually extinguished passing trade. Mr. Halpin estimated the net annual value on the subject premises as follows:-

Shop front	1,232 sq.ft. @ £8.00 psf	=	£ 9,856
Shop middle	1,217 sq.ft. @ £4.00 psf	=	£ 4,868
Shop rear	702 sq.ft. @ £2.00 psf	=	£ 1,404
Office & prep. area	182 sq.ft. @ £2.00 psf	=	£ 364
Cold Store	165 sq.ft. @ £2.00 psf	=	£ 330
Open Store	161 sq.ft. @ £1.00 psf	=	<u>£ 161</u>
			£16,983

Total net annual value (1988 tone) £16,983 (equates to £4.50 psf overall)
Rateable valuation @ 0.63% £105.

OR

Shop	3,125 sq.ft. @ £5.00 psf	£15,625
Office & prep. area	182 sq.ft. @ £2.00 psf	£ 364
Cold Store	165 sq.ft. @ £2.00 psf	£ 330
Open Store	161 sq.ft. @ £1.00 psf	<u>£ 161</u>
		£16,480

Reducing factor to translate NAV into RV = 0.63%
Rateable valuation £103.

Say £105.

Mr. Halpin gave details of four comparisons within the area which are set out below:-

1. Centra Supermarket

Lot 72/95A Main Street, Rathcoole

1995/4 Revision RV £100

2. LOT 86b/1 Main Street, Rathcoole

1995/4 Revision RV £25

Breakdown

Shop 319 sq.ft. @ £12.50 psf

3. Unit 4, Rathcoole Shopping Mall

1995/4 Revision RV £37

Analysis

Retail 602 sq.ft. @ £10 psf

4. Supervalu, Tallaght Village

1991 First Appeal RV £380

Analysis

Retail 10,000 sq.ft. @ £6 psf

A written submission was received on the 16th March 1998 from Mr. Denis Maher, District Valuer with over twenty years experience in the Valuation Office on behalf of the Respondent.

In his written submission, Mr. Maher described the subject premises, its valuation history, tenure and construction. He set out his valuation considerations. Mr. Maher's estimate of net annual value on behalf of the Commissioner of Valuation is as follows:-

A: Supermarket 2,152 sq.ft. @ £8.00 psf = £17,216

Off Licence	1,020 sq.ft. @ £8.00 psf	=	£ 8,160
Office/Stores	182 sq.ft. @ £4.00 psf	=	£ 728
Cold Store	165 sq.ft. @ £3.00 psf	=	£ 495
Store/Shed	161 sq.ft. @ £2.00 psf	=	£ 322
			£26,921

B:	Supermarket	£910,000 p.a. Net profit at 5%	£45,500
	Off Licence	£364,000 p.a. Net profit at 3%	£10,920
	Lotto Safes	£ 93,600 p.a. Net profit at 6%	<u>£ 5,616</u>
			£62,036

N.A.V. at 50% £31,000

Proposed NAV £28,000

RV @ 0.63% = £176.40

Say £175.

Oral Hearing

The oral hearing took place in Dublin on the 18th day of March 1998. The Appellant was represented by Mr. Eamonn Halpin and the Respondent by Mr. Denis Maher. The Appellant, Mr. Jim McCall was also in attendance.

Prior to the oral hearing, Mr. Halpin and Mr. Maher forwarded written submissions to the Tribunal and the submissions were adopted by them as their evidence in chief given under oath.

At the outset of the oral hearing, Mr. Halpin accepted the Valuation Office areas as 3,680 sq.ft. Mr. Halpin submitted the village of Rathcoole has suffered loss of business somewhat with the opening of the large new Shopping Centres in Tallaght and the surrounding areas. He said business in the subject premises has flourished under the Manager, Mr. Jim McCall who was previously Manager of the former H. Williams Supermarket in Tallaght and is well known to customers in the area. He said the general tone in Rathcoole village of recently revised valuations is quite modest with lowish passing rents and low NAV's which must have a bearing

on the subject premises although it is much larger. He stated the subject premises had enjoyed a fair amount of passing trade but that since access at the entrance to the village from the Naas Road has been closed for the past two years passing trade has been affected. Mr. Halpin referred to his comparisons and the Centra Supermarket as his main comparison in that it is broadly similar to the subject as to location and type of business. In response to questions from the Tribunal, Mr. Halpin said that the franchisee pays a percentage of turnover rather than rent.

In response to questions from Mr. Maher, Mr. Halpin was unable to say what percentage of turnover is payable by the franchisee. Mr. Jim McCall informed the Tribunal the franchisees pays 7% of turnover nett of VAT in the store and 5% in the Off-Licence. Mr. Halpin was unable to quantify the loss of business due to the closure of the access at the entrance to the village from the Naas Road and indicated that his client could do so. Mr. Maher queried why there should be a quantum reduction and in response Mr. Halpin said that a number of fairly small properties in the village have modest valuations and because the subject is a larger area there should be some adjustment. In reply to a further question from Mr. Maher regarding the turnover of the Centra compared with the subject, Mr. Halpin said the turnover is not greatly different but that the subject is slightly better and while he did not have the turnover figures his client would give evidence of same. In response to a further question from Mr. Maher, Mr. Halpin said that in the context of the village it could be more difficult to let the subject although he accepted it was a good shop and well located in the village. Mr. Halpin sought to introduce evidence from his client of the turnover. The Tribunal considered this unfair to the Commissioner and refused to allow the submission of audited figures at the hearing which should have been furnished by way of written submission.

Mr. Maher referred briefly to his written submission and made the following observations:-

1. The subject is one of the best shops in the village with three sources of income, namely, supermarket with off-licence attached and lotto agency. It has good frontage and car parking facilities and is well placed to service the immediate area of Rathcoole.

2. The sale price of £380,000 achieved in 1993 is indicative of the value of the property.
3. In arriving at his opinion of net annual value he considered £175 a fair valuation compared with the Centra Supermarket which devalues at an overall rate of £6.00psf and has a retail area of 2,107 sq.ft. as compared with 3,172 sq.ft. in the subject property which is a better shop and a good trading unit. The Centra Supermarket was sold in the mid 1990s for £200,000 compared to the subject property which was sold in 1993 for £380,000. The Centra Supermarket does not have the same frontage as the subject property and does not have the benefit of an Off-Licence. He submitted Mr. Halpin did not maintain consistency in assessing the valuation of £5 psf on the retail area of the subject when smaller shops in the village devalue at £10.00 and £12.50 psf.

Determination

Having carefully considered all the evidence and argument adduced the Tribunal makes the following findings:-

- The most helpful comparisons which both Valuers have relied principally upon is the Centra Supermarket.
- The evidence adduced would suggest Rathcoole is a booming area and the hinterland developing at a rapid pace.
- The subject had not necessarily been affected by its close proximity to other new Shopping Centres in the surrounding area. It appears to be a valuable business reflected in the purchase price in 1993.
- It is considered the subject property is superior to the Centra Supermarket and the retail area should be valued at the same sq.ft. rate. It notes the stores located at the rear are in a poor state and the Appellant's valuation was not challenged by the Respondent.

Having regard to the foregoing the Tribunal determines the rateable valuation of the subject hereditament to be £166 calculated as set out hereunder:-

Supermarket	2,152 sq.ft. @ £8.00 psf	=	£17,216
Off Licence	1,020 sq.ft. @ £8.00 psf	=	£ 8,160
Off/Stores	182 sq.ft. @ £3.00 psf	=	£ 546
Cold Store	165 sq.ft. @ £2.00 psf	=	£ 330
Store/Shed	161 sq.ft. @ £1.00 psf	=	£ 161
			£26,413

Rateable valuation @ 0.63% = £166.40 say £166.

The Tribunal therefore determines the rateable valuation of the subject premises to be £166.