Appeal No. VA97/5/006 &
VA97/6/039

AN BINSE LUACHÁLA

VALUATION TRIBUNAL

AN tACHT LUACHÁLA, 1988

VALUATION ACT, 1988

Aer Rianta **APPELLANT**

and

Commissioner of Valuation **RESPONDENT**

RE: VA97/5/006 - Airport Terminal and Land at Map Ref: 1, Lehenagh More, Cork Airport, ED: Lehenagh, Cork Lower, Co. Cork

VA97/6/039 - Airport and Land at Map Ref: 1A.3.9AB.19, Townland: Ballygarvan, ED: Ballygarvan, RD: Cork Lower, Co. Cork
Quantum - Valuation method for runways

B E F O R E

Con Guiney - Barrister at Law	**Deputy Chairman**
George McDonnell - F.C.A.	**Member**
Anita Geraghty - Solicitor	**Member**

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 25TH DAY OF MAY, 1998

By Notices of Appeal dated the 8th day of August 1997 and the 19th day of October 1997 respectively, the appellant appealed against the determinations of the Commissioner of Valuation in fixing rateable valuations of £5,982 and £1,445 on the above described hereditaments.

The grounds of appeal as set out in the said Notices are:-

"(i) The valuation is excessive and inequitable.

(ii) The valuation is bad in law."

A written submission prepared by Mr. Desmond Killen, FRICS, FSCS, IRRV a fellow of the Society of Chartered Surveyors in the Republic of Ireland was received by the Tribunal on 19th February 1998. Mr. Killen has 35 years experience as a Valuer.

A written submission prepared by Mr. Peter Conroy, District Valuer in the Valuation Office was received by the Tribunal on 23rd February 1998.

The appeal proceeded by way of an oral hearing which took place at the District Court Office, Angelsea Street, Cork on 5th March 1998. The Appellant was represented by Mr. Owen Hickey B.L. with the Respondent being represented by Mr. Peter Conroy, District Valuer. In accordance with the rules of the Tribunal and following established practice the parties had, prior to the hearing exchanged their written submissions. At the oral hearing both valuers, having taken the Oath, adopted their written submissions respectively as their evidence in chief and supplemented same by way of further evidence and by way of opening and concluding submissions. The following facts, either agreed or so found, emerged as being the relevant facts for the purposes of determining this appeal:

Location
The two appeals (VA97/5/006 and VA97/6/039) are in respect of land and buildings at Cork Airport in the townlands of Lehenagh More and Ballygarvan, located off the Kinsale Road (N7), two miles due South of the city centre and one mile South of the city boundary. It was agreed between the parties that both appeals be submitted for hearing as one and an apportionment be further agreed between them on receipt of the Tribunal's findings on the matter. It is the portion of the valuation attributable to the runways, taxiways and aprons that is in dispute, the balance being previously agreed between the parties.

Description
The properties subject to this appeal consist of two intersecting runways, 17/35 and 07/25. The main runway (17/35) consists of 95,985 sq.m. and the second runway (07/25) consists of 58,950 sq.m.

In addition, there are taxiways, altrium and aprons in close proximity to these runways consisting of 57,135 sq.m. as well as 230 acres of land inside the perimeter fence and perimeter fencing of 7,260 linear metres.

The main runway had a 1,000 ft. extension completed in 1989 and those improvements also included the installation of new instrument landing systems, touchdown zone lighting and centre line lighting. This runway extension facilitated the use of larger aircraft on certain routes.

Submissions of the Parties

Mr. Desmond Killen gave evidence on behalf of the appellant. He submitted that the proper method of valuation was one based on the comparative method. He produced evidence of valuations agreed in respect of the runways at Shannon Airport in 1997 which were fixed by way of the comparison with the earlier valuations agreed for Dublin Airport. In his view, as of November 1988, the correct NAV is £402,279 which produces an RV of £2,011. Mr. Killen's calculation of the R.V. is set out in Appendix One annexed to this judgment.

Mr. Conroy, on behalf of the Commissioner of Valuation, assessed the R.V. by reference to the Contractor's Basis of Valuation. He stated that as there is no evidence of letting values for Airports in Ireland, it was his intention to rely on this basis. Mr. Conroy estimated a fair rateable valuation of the subject premises as £3,295. Mr. Conroy's calculation of this valuation is set out in Appendix Two annexed to this judgment.

Findings and Determination

The Tribunal has considered the submissions and the evidence submitted and matters raised at the oral hearing by both the Appellant and the Respondent. The Appellant has relied on comparative evidence while the Respondent relied on the Contractor's Basis of Valuation.

Due to the nature of the hereditaments under appeal, no evidence is available with regard to similar properties being rented. However, in the opinion of the Tribunal, reference to the Contractor's Basis of Valuation is not appropriate in this case. Such a basis is used only as a last resort where no other, more direct, valuation method can be used. The R.V.s in respect of the runways at Dublin and Shannon Airports have been agreed at appeal stage by the Appellant and Respondent. The valuation at Shannon Airport was agreed in 1997 and was based on comparative evidence previously agreed in respect of similar hereditaments at Dublin Airport. The valuation in respect of Shannon was agreed on the basis of 50% of the N.A.V. applied at Dublin Airport.

Mr. Conroy suggested that, on a comparative basis, Cork Airport currently enjoyed a better performance all round than Shannon Airport. He referred to the level of profitability in Cork in 1996 (£2.404m) as compared with Shannon (£2.375m).

In addition, he referred to the return on turnover, levels of staffing and general state of repair of the properties at Cork Airport as compared with Shannon Airport.

In general, he suggested that Cork was a "tighter" unit on the edge of Cork City, compared with the "sprawling" nature of Shannon in a rural location. For these reasons and others, he suggested that Cork Airport was more valuable (in proportion to its size) and that this should be reflected in the R.V.

On the other hand, Mr. Killen pointed out that Cork Airport is over 35 years old, the exception being the runways which have more recently undergone extensive rebuilding and refurbishment. While there was a 1,000 ft. extension to the main runway at Cork Airport, the equivalent runway at Shannon is approx. 3,000 ft. larger. As a result, Shannon can accommodate the use of large (Jumbo) aircraft on the Transatlantic routes, which is not possible at Cork. In arriving at the valuation agreed for the runways at Shannon Airport, the Appellant used the "five year summary of traffic statistics" for Dublin, Shannon and Cork Airport as a guide towards the rent which a hypothetical tenant would pay for the runways. These statistics referred to the period 1992 to 1996, which were prepared by Aer Rianta, and were reproduced in Mr. Killen's written submission. The Appellant submitted that the hypothetical tenant could pay similar rental prices for both Shannon and Cork and at most, 50% of the unit pricing which is applicable to Dublin Airport.

While the Tribunal accepts that substantial refurbishment work was carried out on the runways at Cork Airport in the relatively recent past and overall the Airport is a tightly-run unit, nevertheless we consider that the only realistic basis for determining a valuation in this case is by comparison with the agreed valuation at Shannon Airport in 1997. In our opinion, it is not realistic to value the runways at Cork Airport on a higher basis than those of Shannon. In the Tribunal's view, the N.A.V. should be calculated by reference to the figure of £1.70 p.s.m. as was applied to the runways at Shannon Airport. However we note that the land inside the perimeter fencing was valued by the Appellant at £150 per acre. While we accept there are substantial restrictions on the usage of this land given its location within the perimeter fencing of the Airport, we contend that a more realistic valuation would be £500 per acre.

In the circumstances and in the light of the evidence provided, the Tribunal determines the rateable valuation of the runways, taxiways, aprons and land is as follows:

		£
Main Runway (17/35)	95,985 sq.m. @ £1.70 p.s.m.	£163,174
Second Runway (07/25)	58,950 sq.m. @ £1.70 p.s.m.	£100,215
Taxiways, Atrium and Aprons	57,135 sq.m. @ £1.70 p.s.m.	£ 97,130
		£360,519
Land inside perimeter fence	(230 acres @ £500 per acre)	£115,000
Perimeter Fencing	7,260 linear metres @ £1	£ 7,260
	N.A.V.	£482,779
	R.V. @ 0.5%	£2,413.90
	R.V. (say)	***£2,415***

The balance of the rateable valuations attributable to the hereditaments under appeal, having been previously agreed between the parties, remain unchanged.

Appendix One

Runways

Perimeter Fence	:		7,260 sq m	@ £1.00 psm	=	£ 7,260
Main Runway	:	17/35	95,985 sq m	@ £1.70 psm	=	£163,174
Second Runway	:	07/25	58,950 sq m	@ £1.70 psm	=	£100,215
Taxiways, Altrium & Aprons	:		57,135 sq m	@ £1.70 psm	=	£ 97,130
Land inside perimeter fence	:	230 acres @ £150 per acre			=	£ 34,500
					N.A.V.=	***£402,279***

	R.V.	=	**£ 2,011**
	Say R.V.	=	***£ 2,010***

Appendix Two

Main Runway Extension	147,500 sq.ft. @ £21.96 p.s.f. (13,703 s.m. @ £236.50 p.s.m.)	£3,240,000
Balance of Runway	885,682 sq.ft. @ £6.32 (82,282 s.m. @ £68 p.s.m.)	£5,597,510
Secondary Runway	634,538 sq.ft. @ £5.50 (58,950 s.m. @ £59 p.s.m.) Less 40% allowance	£2,093,965
Aprons	535,000 sq.ft. @ £2.40 (49,702 s.m. @ £25.80 p.s.m.) Less 10% allowance	£1,155,600
Taxiways	80,000 sq.ft. @ £5.50 (7,432 s.m. @ £25.80 p.s.m.) Less 30% allowance	£ 308,000
Land	75 acres @ £10,000	£ 750,000
	155 acres @ £ 5,000	£ 775,000
Perimeter Fence	25,000 feet @ £6	£ 151,200
		£14,071,075
	End allowance	
	Effective Capital value	£13,000,000
	N.A.V. @ 0.5%	£ 650,000
	R.V. @ 0.5%	
	Say	£ 3,295