

Appeal No. VA99/3/049 &
VA99/3/050

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

**Inishowen Gateway Hotel
and Ideal Leisure Centre**

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel, Gymnasium and Swimming Pool at Map References In 5 and 5b, Townland:
Ballymacarry Lower, E.D. Buncrana Urban, U.D. Buncrana, Co. Donegal

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Ann Hargaden - FRICS.FSCS

Member

George McDonnell - F.C.A.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 22ND DAY OF JUNE, 2000

By Notices of Appeal dated the 3 August 1999 the Appellant appealed against the determination of the Commissioner of Valuation in fixing rateable valuations of £950 and £145 respectively on the above described hereditaments.

The grounds of appeal, as set out by the appellant in accompanying notes to the said Notices, are appended to this judgment at **Appendix 1**.

The appeal proceeded by way of an oral hearing that took place in the Courthouse, Letterkenny on 12th November 1999. The appellant was represented by Mr. Patrick McCarroll, ARICS, ASCS, MIAVI. Mr. Christopher Hicks, Appeal Valuer in the Valuation Office appeared on behalf of the Respondent.

Prior to the oral hearing, as required by the Rules of the Tribunal, the Tribunal received a written submission from the appellant in connection with Appeal Number VA99/3/049 – Inishowen Gateway Hotel, on the 1st of November 1999. The Tribunal received a written submission in connection with VA99/3/050 – Ideal Leisure Centre on the 3rd of November 1999. In his written submission Mr. McCarroll amended his grounds of appeal to the following:

- A. The Valuation is excessive and inequitable and / or
- B. The valuation is bad in law and /or,
- C. No account has been taken of the Net Annual value in determining the Rateable Valuation assessment of this hereditament and/or
- D. Not valued in accordance with the Valuation Acts and related legislation.

He summarised his amended grounds of appeal as follows:

"The valuation is excessive " and, in addition in the case of VA99/1/050, as

"The building was unfinished and should not have been valued"

Mr Hicks dealt with both properties in his written submission on behalf of the respondent, which was received by the Tribunal on the 29th of October 1990.

At the oral hearing both Valuers adopted their submissions as their evidence in chief, given under oath.

From the evidence so tendered the following facts either agreed or so found are considered by the Tribunal to be relevant to this appeal.

The Property

The property comprises the Inishowen Gateway Hotel and Leisure Centre located on the outskirts of Buncrana Co. Donegal. In 1994 the RV was £225 and the premises comprised 19,000sq.ft. with 12 bedrooms.

The hotel was purchased for £605,000 from the liquidator in March 1994. Following major reconstruction and refurbishment the hotel comprises two storeys as opposed to the original one story structure overlooking the golf course and the beach. The hotel is now rated three-star and has 63 bedrooms, conference facilities and a leisure centre with swimming pool. The hotel opened for business in its present state in June 1997 and the leisure centre opened in May 1998. The two hereditaments operate as a single unit but are held under separate titles.

It was agreed by the valuers for both sides that as the property concerned had only been trading for one year that accounts were neither desirable or helpful and both valuers advanced their cases on the basis of comparisons.

Valuation history

The valuation history is that the revision of the property took place on November 1998 and the appeal decision was issued on the 6th of July 1999.

Appellant's case

At the commencement of the hearing in relation to both of these appeals Mr McCarroll further amended and in fact withdrew the very lengthy grounds of appeal which he had filed with his Notice of Appeal. He said that in the case of each of the properties that his grounds of appeal were that the valuations were excessive.

Appellant's Case

During the course of the hearing into the first appeal, Mr. McCarroll on behalf of the appellant put in evidence two items – one was a letter dated the 8th of November 1999 from his client Mr. P Doherty to Mr. McCarroll. Mr. McCarroll also put in evidence a site map of the hotel, the subject matter of this appeal.

Mr McCarroll argued that the hotel was not situated in a well established tourist location. He said the disco area and function room were under-utilised. He said that the location some distance out

of town was a disadvantage as it was some distance from the location of most of the other bars in the town.

He adduced four comparisons of hotels in Donegal and indicated that he presented them in order of priority.

Comparison No.1.

Hollered Hotel, Bundoran, Co. Donegal - VA97/6/025

Grade 3*

88 Bedrooms

RV assessed at 73,506 square feet @ £2.00 psf = RV £735

Comparison No.2.

Great Northern Hotel, Bundoran, Co. Donegal - VA97/6/014

Grade 4*

116 Bedrooms

RV assessed at 72,206 square feet @ £2.00 psf = RV £720

Comparison No. 3

Allingham Arms, Bundoran, Co. Donegal - VA 97/6/011

Grade 3*

88 Bedrooms

RV assessed at 53,897 square feet @ £2.25 psf = RV £600

Comparison No. 4

Mount Errigal Hotel, Letterkenny - VA 93/1/069

Grade 4*

82 Bedrooms

RV assessed at 75,800 square feet @ £2.30 psf = RV £600

Comparison No. 5

Ostan na Rosann, Dungloe, Co. Donegal - VA 97/7/002

Grade 3*

48 Bedrooms

Agreed area 43,000 square feet.

RV assessed £50,000 @ .5% = RV £250

Comparison No. 6

Dorrian's Imperial Hotel, Ballyshannon, Co Donegal - VA 97/7/005

Grade 2*

26 Bedrooms

RV assessed at 28,871 square feet @ £2.00 psf = RV £285

On the basis of his valuation considerations and the comparisons adduced above Mr. McCarroll assessed the rateable valuation on the subject premises as follows:

60,044 square feet	@	£1.65 per sq. ft.	=	£99,000
	@	0.63%	=	£624
		say		£625

In relation to the Leisure Centre Mr McCarroll said that he was no longer contending that there should be no valuation on the premises as it was unfinished at the revision date as he accepted the evidence of Mr. Hicks that what was unfinished were bedrooms on the first floor above the Leisure Centre and that no valuation had been attributed to this area.

He proposed the following rateable valuation on the agreed area of 9,151 sq. ft:

9,151 square feet	@	£1.65 psf.	=	£15,099
	@	.63%	=	£93.00

Respondent's Evidence

Mr Hicks on behalf of the respondent said that he considered the hotel to be a luxury hotel in an excellent location on the seafront and adjoining a golf course. He said that the hotel following the reconstruction was virtually a new hotel and that the addition of the leisure centre would allow it to attract additional profitable business. He confirmed that he had not relied upon the accounts as no established trading pattern had as yet emerged and in addition that the accounts would not reflect the leisure centre trade as it had not opened until May 1998. He said that he had not placed any value on the area above and behind the leisure centre, which comprised unfinished bedrooms. He said that the issue of the striking out of the valuation on the leisure due to the unfinished nature of the premises had not been raised with him at first appeal.

Mr Hicks said that in valuing the subject he had relied primarily on the other hotel in the town namely the Lake of Shadows owned and managed by the appellant. In valuing the subject in relation to the Lake of Shadows he had taken into account the fact that the subject is over three and a half times larger than the Lake of Shadows, that it is a modern purpose built hotel with a spacious car park in an excellent location overlooking a golf course and beach. It also has a higher grading and charges 50% more for accommodation than the Lake of Shadows.

His assessment of valuation was as follows:

Hotel	60,000 square feet	@	£2.50 psf.	=	£150,000
	RV	@	.63%	=	£950
Leisure Centre	9,150 square feet	@	£2.50 psf.	=	£22,875
	RV	@	.63%	=	£144.11
		say			£145.

Findings and Determination

The Tribunal has considered the written submissions and the oral evidence and other documentary evidence submitted by the appellant and the respondent. The Tribunal has had regard to the two main towns in which the comparisons are located, that is primarily Bundoran and Buncrana.

Firstly comparing the occupancy rates in the hotels, based on the evidence produced at the oral hearing, the occupancy rates on average work out at 55% in the case of Bundoran and 54% in the case of Buncrana. So while it is acknowledged that each of the towns namely Bundoran and Buncrana has advantages and disadvantages in terms of seasonality in relation to occupancy, in overall terms they seem to have produced the same level of business in the hotels.

The Tribunal considers that the Bundoran hotels are the most relevant comparisons in arriving at a Rateable Valuation for the subject hereditaments. We have not disregarded the Lake of Shadows Hotel as a comparison, however this comparison is three and a half times smaller than the subject and it is a commercial hotel situated in a residential area with a lower star rating.

Therefore considering the comparisons in Bundoran, they analyse at a rate of £2 per square foot to £2.25 per square foot for two three star hotels and one four star hotel.

The subject is closer in size to the Allingham Arms Hotel and is superior to all three Bundoran comparisons as the subject is virtually a new hotel and with the benefit of a leisure centre. The Tribunal considers the subject has the potential to attract more profitable business.

Therefore the Tribunal considers that the valuation on the subject premises comprising hotels and leisure centre is as follows:

Hotel (VA99/3/048)	60,000sq. ft.	@	£2.20psf	=	N.A.V. £132,000
		@	0.63%	=	£831.60
			say		£832

And the Tribunal so determines.

The Tribunal considers the same rate per square foot should apply to the leisure centre as follows:

Leisure Centre (VA99/3/050)	9,150 sq. ft.	@	£2.20 psf	=	N.A.V. £20,130
		@	0.63%	=	£126.82
			say		£127

And the Tribunal so determines.