

Appeal No. VA06/1/007

**AN BINSE LUACHÁLA**  
**VALUATION TRIBUNAL**  
**AN tACHT LUACHÁLA, 2001**  
**VALUATION ACT, 2001**

**Claregalway Hotel**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Hotel at Lot No. 16A/1, Cahergowan or Summerfield, Claregalway, County Galway

**B E F O R E**

**Michael P.M. Connellan - Solicitor**

**Deputy Chairperson**

**Frank O'Donnell - B.Agr.Sc. FIAVI.**

**Member**

**Patrick Riney - FSCS FRICS FIAVI**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 19TH DAY OF JULY, 2006**

By Notice of Appeal dated the 8th day of February, 2006 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €1,635.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:

"In comparison to similar properties, the location, the passing rent and having regard to the NAV we consider the RV to be excessive."

The Appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 19<sup>th</sup> day of May, 2006. At the hearing the Appellant was represented by Mr. John F. Kenneally, M.I.A.V.I, and the Respondent by Mr. Damien Curran, M.R.I.C.S, A.S.C.S, B. Sc., a Staff Valuer in the Valuation Office.

### **The Property**

The subject property is a part three storey, detached, newly developed hotel with leisure centre incorporated. It opened for business in July 2004. The building is of modern steel frame construction, under pitched slated roofs. Accommodation consists of 48 bedrooms, bar, restaurant, banqueting room and leisure centre. The agreed gross external floor area is 6,397 sq. metres. There is car parking for 130 cars to the front and rear of the hotel.

### **Location**

The hotel is located in Claregalway Village on the western side of the N17 Galway/Sligo Road about 12km north east of Galway City. It adjoins a new development completed in 2005 and comprising small shops, offices and another new hotel.

### **Tenure**

35 year lease from July, 2004 with five year reviews. The present passing rent is €360,000 p.a..

### **Appellant's Case**

Mr. John F. Kenneally, having taken the oath, adopted his written précis and valuation which had previously been received by the Tribunal as his evidence-in-chief.

He said that the hotel had been opened in July, 2004 and that the floor area was as agreed. It was good quality accommodation and was fitted out to the highest standard. The room rate was in line with other 3-Star hotels - €49.00 per person midweek and €79.00 per person at weekends. It was not graded but he believed that it would be graded as 3-Star. It had parking for 130 cars. There were no gardens or grounds attached.

Based on the comparison method he estimated that a NAV figure of €35.95 per sq. metre was an appropriate level for the subject. The figure of €1.25 per sq. metre assessed by Mr. Curran was far too high. It did not compare with any other 3-Star hotel in the county and was

far in excess of any of the three comparisons listed by him in his précis (see Appendix 1 hereto). In his opinion it was the highest level of any hotel in County Galway.

Comparison No. 1 - The Quality Hotel and Leisure Centre, Oranmore was a much bigger hotel (113 bedrooms) than the subject. It had a high profile position at the Oranmore Roundabout which leads into Galway from the Dublin and Gort roads. It was a 3-Star hotel with a leisure centre and crèche and was capable of doing a large amount of business. It devalued at a rate of €45.72 per sq. metre.

Comparison No. 2 - The Lady Gregory Hotel in Gort had 48 bedrooms and was converted from an old school. It was a 3-Star hotel and charged a B&B rate as at 3<sup>rd</sup> May, 2006 of €55.00 per person midweek and €65.00 at weekends. It had a valuation of €35.87 per sq. metre. His client felt this was the best comparison with the subject.

Comparison No. 3 was the Connemara Coast Hotel. This had 112 bedrooms and was graded 4-Star. It was on extensive grounds which sweep down to the shoreline. It was situate at the entrance to Connemara in Furbo and was furnished to a high standard and charged as at 3<sup>rd</sup> May, 2006 €120.00 per person midweek and weekends. This, in his opinion, reflected the fact that it was 4-Star. It had a much lower NAV per sq. metre than the subject at €37.58 per sq. metre.

Commenting on the respondent's comparisons Mr. Kenneally said it was incorrect of the respondent to say that the common comparison, The Quality Hotel and Leisure Centre, Oranmore, was superior in grading to the subject since the subject was not yet graded. The Quality Hotel had a leisure centre and was in a superb location and yet had a lower NAV per sq. metre than the subject. He said the respondent's second comparison, Galway Bay Hotel and Country Club, Oranmore, was on the coast with a PGA golf course attached. As golf was its main attraction it did not really compare with the subject.

Cross-examined by Mr. Curran, he accepted that the subject hotel was of good quality and that the size and standard of the bedrooms were suitable for 4-Star rating. However he stressed that the hotel was not yet graded and that the rates charged were 3-Star rates.

He agreed that the common comparison, The Quality Hotel and Leisure Centre, was on a national primary route and that the subject was on a busy route in a village but said the Quality Hotel had a greater volume of traffic passing its door. Asked if the industrial surroundings of the Quality Hotel made it inferior to the subject he said they were catering for different markets and that the Quality Hotel had the more attractive location. He said he was not competent to comment as to whether the Quality Hotel would qualify for 4-Star grading. He did not think that the larger size of the Quality Hotel should have a bearing on its value vis-à-vis the subject.

He said the Lady Gregory Hotel in Gort was a very good conversion and was well fitted out – the standard was quite good. His client felt it was the best comparison. He agreed its location was inferior to the subject in terms of passing traffic due to its relative distance from Galway.

In relation to the Connemara Coast Hotel he agreed that it was developed over the years from 1950 but said it started as a pub and was largely purpose-built after that. He also agreed it was larger than the subject and said it was graded 4-Star and he had introduced it because of Mr. Curran's concern with 4-Star grading. Its location in a tourist area was superior to that of the subject.

He accepted Mr. Curran's description of the Galway Bay Hotel and Country Club, Oranmore as not having a leisure centre saying that, as it was now closed - having been sold, he could not establish what facilities it had.

### **Respondent's Case**

Mr. Damien Curran, having taken the oath adopted his amended written précis and valuation which had previously been received by the Tribunal as his evidence-in-chief. The amendments related to the valuation of his Comparison No. 1 – see Appendix 2 hereto.

He said the subject was built and finished to a 4-Star standard and was of superior quality to the Quality Hotel and Leisure Centre, as it was built to a higher standard. The location of the subject hotel was, in his opinion, largely similar but the premises were smaller. The subject was also of better quality than the Galway Bay Hotel and Country Club, Oranmore, had the advantage of a leisure centre and a better location and was physically smaller. The subject

was much superior to the Lady Gregory in quality and location. The Connemara Coast Hotel, although 4-Star, was much older and built in a less than ideal way.

He referred to a letter dated 15<sup>th</sup> March 2005 which the subject hotel had received from Excellence in Tourism Limited (the company previously responsible for assessing the grading of hotels on behalf of Fáilte Ireland) indicating a 4-Star rating but subject to the hotel meeting all physical and operational requirements in full before the desired classification could be achieved. Numerous points in relation to the premises receiving 4-Star rating were set out in the said letter. They would also be subject to an unannounced operational visit.

In cross-examination by Mr. Kenneally he accepted that Excellence in Tourism Limited were no longer responsible for assessing hotels for grading and that there was no guarantee that the subject premises would ever be graded as 4-Star.

He agreed that both his comparisons (see Appendix 2 hereto), one of which was common to both parties, had NAV levels per sq. metre much lower than the subject property. He agreed that it would appear that the subject was the highest valued hotel in County Galway.

### **Findings and Determination**

Having assessed the comparative evidence and the submissions of the parties the Tribunal finds as follows:-

1. The subject hotel is built to a high standard but does not have any gardens or grounds of its own, a disadvantage for any hotel.
2. It has no guarantee that it will receive a 4-Star rating. The bed rates charged would indicate a 3-Star rating.
3. All of the comparisons offered to the Tribunal by both parties, including the 4-Star comparison, show levels of less than €46.00 per sq. metre – the Quality Hotel and Leisure Centre in Oranmore has a rating of €45.82 per sq. metre. It would appear that the NAV of €51.25 per sq. metre in the subject is the highest rate of any comparable hotel in Co. Galway.

4. Of all the comparisons presented by both parties the Lady Gregory Hotel, Gort is the most similar and the most comparable to the subject.

Having regard to the above the Tribunal determines the NAV and RV of the subject property as follows:-

6,397 sq. metres @ €8.00 per sq. metre = NAV €243,086.00

RV @ 0.5% = €1,215.43

RV Say €1,215.00

And the Tribunal so determines.