

Appeal Number: VA17/5/561

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

**AN tACHTANNA LUACHÁLA, 2001 - 2015
VALUATION ACTS, 2001 - 2015**

Country Tool Hire Ltd

APPELLANT

and

Commissioner of Valuation

RESPONDENT

In relation to the valuation of

Property No. 2175379, Industrial Uses at 8A/1 Moate Business Park, Moate, County Westmeath.

B E F O R E

Majella Twomey - BL

Deputy Chairperson

Pat Riney – FSCSI, FRICS, ACI Arb

Member

Frank O'Grady – MA, FSCSI, FRICS, FIABCI

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 15TH DAY OF MAY, 2018**

1. THE APPEAL

1.1 By Notice of Appeal dated the 12th day of October, 2017 the Appellant appealed against the determination of the Respondent pursuant to which the net annual value ‘(the NAV)’ of the above relevant Property was fixed in the sum of €19,270.

1.2 The sole ground of appeal as set out in the Notice of Appeal is that the determination of the valuation of the Property is not a determination that accords with that required to be achieved by section 19 (5) of the Act because :

- “1. *The Valuation of the subject property is excessive and inequitable. The property’s value as applied by the Commissioner is not remotely in line with its potential rental value.*
2. *PN 1444757 is an industrial building leased on the open market on a 6 year lease from 1st January 2015 at €8,000 per annum next door to the subject property. The subject property is not worth any more than this on a per m² basis.”*

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €8,160.

2. REVALUATION HISTORY

2.1 On the 12th day January, 2017 a copy of a valuation certificate proposed to be issued under section 24(1) of the Valuation Act 2001 (“the Act”) in relation to the Property was sent to the Appellant indicating a valuation of €27,300.

2.2 Being dissatisfied with the valuation proposed, representations were made to the valuation manager in relation to the valuation. Following consideration of those representations, the valuation of the Property was reduced to €19,270.

2.3 A Final Valuation Certificate issued on the 7th day September, 2017 stating a valuation of €19,270.

2.4 The date by reference to which the value of the property, the subject of this appeal, was determined is the 30th day October, 2015.

3. THE HEARING

3.1 The Appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal at Holbrook House, Holles Street, Dublin 2, on 6th day of February, 2018. At the hearing the Appellant was represented by Mr Eamonn Halpin BSc (Surveying), MRICS, MSCSI of Eamonn Halpin & Co. Ltd. and the Respondent was represented by Ms Roisin Casey BSc (Real Estate) of the Valuation Office.

3.2 In accordance with the Rules of the Tribunal, the parties had exchanged their respective reports and précis of evidence prior to the commencement of the hearing and submitted them to the Tribunal. At the oral hearing, each witness, having taken the oath, adopted his précis as his evidence-in-chief in addition to giving oral evidence.

4. FACTS

4.1 From the evidence adduced by the parties, the Tribunal finds the following facts.

4.2 The subject property is located in Moate Business Park, Moate, Co. Westmeath.

4.3 The industrial park consists of five individual units, located off the Clara Road, around 1.2 KMs from the centre of Moate and 1.2 KMs from the M6 junction.

4.4 The subject property was built in the late 1990s, early 2000s.

4.5 There is a mezzanine across the front of the unit and a smaller full height section to the rear with a roller door.

4.6 The property consists of a warehouse which is 574.91 m² and a Mezzanine which is 338.75 m². These areas are agreed between the parties.

5. ISSUES

5.1 There is one issue which is pertinent to this appeal and that is the issue of the NAV. The Appellant claims that the subject property’s NAV is not in line with comparable properties.

6. RELEVANT STATUTORY PROVISIONS:

6.1 The net annual value of the Property has to be determined in accordance with the provisions of section 48 (1) of the Act which provides as follows:

“The value of a relevant property shall be determined under this Act by estimating the net annual value of the property and the amount so estimated to be the net annual value of the property shall, accordingly, be its value.”

6.2 Section 48(3) of the Act as amended by section 27 of the Valuation (Amendment) Act 2015, provides for the factors to be taken into account in calculating the net annual value:

“Subject to Section 50, for the purposes of this Act, “net annual value” means, in relation to a property, the rent for which, one year with another, the property might, in its actual state, be reasonably be expected to let from year to year, on the assumption that the probable annual cost of repairs, insurance and other expenses (if any) that would be necessary to maintain the property in that state, and all rates and other taxes in respect of the property, are borne by the tenant.”

7. APPELLANT’S CASE

7.1 Mr. Halpin gave evidence that the subject property is a standard industrial unit. He said that the property next door to the subject was let on the 1st of January 2015 at €8000, per annum.

7.2 Mr. Halpin said that this is the most important piece of rental evidence in arriving at an NAV. He said that the rental date is relevant to the valuation date and the lease is between unconnected parties.

7.3 The subject property, it was said, is a standard late 1990’s / early 2000’s industrial building with concrete block to 2.5m and double skin sides and roof.

7.4 It was said that it was not understood how the Commissioner could arrive at a valuation of €19,270, a figure which is almost 2.5 times the open market rent on a m2 basis.

7.5 Mr Halpin said that Moate is not an attractive location for a hypothetical tenant. He said that the unit next door to the subject property lay vacant for almost five years.

7.6 Evidence was given that the subject matter’s NAV is not in line with the comparators from Kilbeggan.

7.7 Mr Halpin put forward a number of comparators, which he also used for the connected case of Donal Murtagh, property number 1444757.

7.8 The first comparator which was put forward was that of Donal Murtagh, which is also in Moate Business Park and right beside the subject property. This property also came before the Tribunal and was heard just before the case of the subject property. That property is held under a 6 year lease, starting from the 1st of January 2015, at a rate of €8000 per annum.

7.9 The second property is that of Relic Road, Kilbeggan, Co. Westmeath. This consists of a main building constructed in the 1960’s with asbestos roof and a newer building constructed

in the early 1990s (metal deck). Mr Halpin said that this is largely comparable with the subject property in terms of the standard of the buildings. He said that it is in a comparable location to the subject property as it is in the town of Kilbeggan. This property had to be split in three in order to be let as there was no demand for the entire property. The gross rent from the three letting is €11,000 per annum.

7.10 The third comparator, put forward by Mr. Halpin, was the former Powerscreen Site, Moate Road, Kilbeggan. This, Mr. Halpin said is one of the best industrial buildings in Westmeath. It has 10 m eaves and is of a high specification. It is a modern building, which was owned by a Northern Irish company from the 1980's to 2000's. This building is rented out and the rental income devalues at €15 per m.sq.

7.11 TMC Fabrications, Unit 6/7 Moate Business Park, Westmeath, was put forward as the fourth comparator. Evidence was given that this is a good quality, modern building with offices and that it is the best unit in the business park, being the most modern with 8 metre eaves. The valuation on this property is €26,100, which devalues at €20 per m.sq.

7.12 Mr. Halpin's final comparator was a property known as the former Andrew Mannien Structural Engineers building, at Clara Road, Moate, Co. Westmeath. This is a quarter of a mile from the subject property. It is a much bigger building than the subject property and it has been to let for the last few years. Mr. Halpin said that this property is valued at €18 per m.sq.

8. RESPONDENT'S CASE

8.1 Miss Casey relied upon the same comparators as she relied upon for the case of Donal Murtagh, property number 1444757.

8.2 The first comparator is Mergon International, Unit 4, Castlepollard, Co. Westmeath. This is an industrial warehouse with no offices. It is in a business park with 6 other units. It is 55 km north, up the motorway. There is no direct access to the motorway from this property. It was built in the 2000's and it has a double clad roof. It is a storage unit and it devalues at €42.17 per m.sq.

8.3 The second comparator is RTP Supplies, Unit 5, Castlepollard, Co. Westmeath. This devalues at an NER of €35.59 per m.sq. It is a newly built, modern property in the same business park as the first comparator.

8.4 The third comparator is a property called Buggy Foods, in Kilbeggan. There is a cold store in this property and the NER of warehouse devalues at €62.23 per m.sq.

8.5 Ms. Casey also put forward a number of NAV comparators. Her first comparator in this respect was Unit 8, Moate, Co. Westmeath. This is a double clad property and its' roof is also double clad. The NAV for the warehouse is €30.00 per m.sq.

8.6 The second comparator is a property at Comagh Industrial Estate, Kilbeggan. It is a semi-detached building with double skin cladding and it is more modern than the subject. It has an NAV of €30.00 per m.sq.

8.7 Comparator 3 is Unit 1, Clonmellon Industrial Estate, Clonmellon, Co. Westmeath. This is located some 50 km to the north of the county and is a detached building. It has a NAV of €30.00 per m.sq.

8.8 The final NAV comparator is a property at Aghamore Business Park, Kilbeggan. It is a workshop only, with no offices. It has an NAV of €30.00 per m.sq.

9. LEGAL SUBMISSIONS

9.1 No legal submissions were made by the parties.

10. FINDINGS AND CONCLUSIONS

10.1 On this appeal the Tribunal has to determine the value of the Property so as to achieve, insofar as is reasonably practical, a valuation that is correct and equitable so that the valuation of the Property as determined by the Tribunal is relative to the value of other comparable properties on the valuation list in the rating authority area of Meath County Council.

10.2 The Tribunal finds that the best comparator in terms of location is that of Donal Murtagh, as it is in the same business park and is in very close proximity to it.

10.3 The Tribunal finds that the Appellant's second comparator at Relic Road, Kilbeggan, is also a relevant comparator as that the property is relatively close to the subject property; being in or around 15 kms away. The Tribunal notes that this property is leased at present, in the sum of €11,000 per annum and, as such, the gross rent devalues at €12.30 per m.sq. The Tribunal notes that the Commissioner's valuation for this property is €20.00 per m.sq and not €30.00 per m.sq as is the case with the subject property, despite the fact that both properties are comparable.

10.4 The fourth comparator put forward by Mr. Halpin is also comparable to the subject property as it is located in the same business park and is, therefore, a highly relevant comparator in terms of location. The Tribunal notes that this is the most modern property in the business park, with 8 metre eaves and is, therefore, superior to the subject property. The Tribunal also notes that the Commissioner has only assessed this at a value of €20 per m2.

10.5 The Valuation Office put forward a comparator from the Castlepollard Enterprise Centre, as being comparable to the subject property. Castlepollard is 50 km north of the subject property and, therefore, this is not the best comparator in terms of location. Furthermore, evidence was given that this property is situated in an enterprise centre with 24 hour security, which is supported by Westmeath County Council. Consequently, the Tribunal finds that this property is not comparable to the subject property, which does not have the benefit of these supports and facilities.

10.6 The Tribunal finds that the second comparator, which Ms. Casey put forward, Buggy Foods, is also of little assistance as this property is subject to a long lease, which was negotiated in 2007. Furthermore, this property has a coldstore, which takes up a very significant amount of the overall size. In the circumstances, the Tribunal finds that this is not a comparable property to the subject for the purposes of assessing the rateable valuation.

10.7 While Ms. Casey’s first NAV comparator is within the same business park as the subject property, it has 8m high eaves and is a very different property type to the subject property. The Tribunal finds that the second NAV comparator is also more modern and of a superior quality to the subject property. The Tribunal finds that the third comparator put forward by Ms. Casey, is in Clonmellon, which is 50 km to the north of the county and is, therefore, not a suitable comparator in terms of location. Finally, the fourth NAV comparator is also a more modern building than the subject.

10.8 In the circumstances and having taken all of the evidence before it into account, the Tribunal finds that the best comparators are Donal Murtagh and the property at Relic Road, Kilbeggan. The Tribunal has already found that the valuation relating to Donal Murtagh should be decreased to €15 per m2. Furthermore, the property at relic road is, in fact, let at present and it devalues at €12.30 per m2. The Tribunal finds that the Appellant has proven its’ case and that the sum of €15 per m2 is fair and equitable, in the circumstances.

DETERMINATION:

Accordingly, for the above reasons, the Tribunal allows the appeal decreases the valuation of the Property as stated in the valuation certificate to € 13,704.90

<i>Area</i>	<i>€ per m2</i>	
574.91 m2(Warehouse)	€15.00 (Decrease)	€8623.65
338.75 m2(Mezzanine)	€15.00 (Decrease)	€5081.25
Total		€13,704.90

And so the Tribunal determines