

Appeal No: VA17/5/116

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

KIERAN MURRAY & SONS LTD

APPELLANT

AND

COMMISSIONER OF VALUATION

RESPONDENT

In relation to the valuation of

Property No. 116874, Industrial Uses at 67 Main Street, Athleague, County Roscommon.

B E F O R E

Dolores Power – MSCSI, MRICS

Deputy Chairperson

Mairead Hughes - Hotelier

Member

Claire Hogan - BL

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 24th DAY OF JULY, 2018**

1. THE APPEAL

1.1 By Notice of Appeal dated the 25th day of September, 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 €16,810.

1.2 The grounds 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 in line with its potential rental value.”

“2. Athleague is a village of only 248 people (census 2016). The subject property is an old joinery. The front section of the property is RMS and dates from the 1850s. All are basic structures in poor condition after a lifetime of industrial use and nearing the end of their useful life.”

“3. Demand for this type of property in this rural area is very low leading to very low rental values.”

“4. Greater allowance needs to be made for the type and nature of the old basic buildings together with the actual location.”

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €8,400.

2. REVALUATION HISTORY

2.1 On the 12th day of 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 €19,600.

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 €16,810.

2.3 A Final Valuation Certificate issued on the 7th day of January, 2017 stating a valuation of €16,810.

2.4 The date by reference to which the value of the property, the subject of this appeal, was determined is 30th 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 the 21st day of February, 2018. At the hearing the Appellant was represented by the Mr Eamonn Halpin, BSc (Surveying), MRICS, MSCSI of Eamonn Halpin & Co Ltd and the Respondent was represented by Mr Liam Diskin, BSc (Property Management and Investment) 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. The property is located in the rural Village of Athleague with a population of 248, and situated on the N63 (Roscommon Town-Galway) Road.

4.2 The subject property comprises very old joinery workshops laid out in a piecemeal fashion. The front section is RMS (a former coach inn) of rubble masonry and stone and was constructed in 1850 with a ‘shell’ interior with the Ground Floor only being used as a workshop. This building has no upper floor. The rear sections are constructed of part mass concrete and basic metal sheeting constructed in phases between the 1960’s and 1980’s. Overall, the property is very basic with part having single skin asbestos roof and the balance of the stores/workshops having single skin corrugated iron roofs all of various eave heights.

4.3 The floor areas of the buildings are agreed between the parties as follows:

Workshop 645.31 sq.metres.

Store (detached) 78.87 sq.metres.

Store (lean-to) 178.60 sq.metres.

Mezzanine 135.41 sq.metres.

4.4 It is understood that the property is held Freehold.

5. ISSUES

5.1 The Appellant's Valuer, Mr. Halpin, submitted that the valuation of the subject property is excessive and inequitable. The property's value, as applied by the Commissioner, is not in line with its potential rental value.

5.2 Athleague is a village of only 248 people (census 2016). The subject property is an old joinery. The front section of the property is RMS and dates from the 1850's, with the middle section being added in the 1960's and 1970's; the rear lean-to sections being added in the 1980's. All are basic structures in poor condition after a lifetime of industrial use and nearing the end of their useful life.

5.3 Demand for this type of property in this rural area is very low leading to very low rental values.

5.4 Whether greater allowance needs to be made for the type and nature of the old basic buildings together with the actual location.

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, for the Appellant, submitted that the location of the property is in a rural village with a population of 248.

7.2 Mr. Halpin further submitted that the property is comprised of a series of old joinery workshops constructed in a piecemeal fashion over the course of 130 years with the

majority of the property being beyond its natural lifespan and therefore could not be considered in any circumstances to equate to a modern conventional industrial property.

7.3 The Appellants believe that it would be very difficult to find a hypothetical tenant willing to occupy the subject property on an FRI basis given its age and condition.

7.4 The Appellants contend that the level adopted by the Commissioner of Valuation (€20 per square metre on the subject), is a standard level applied to modern purpose built factories across the County, and submitted 9 Comparisons to support their case. The Appellant's Valuer, Mr. Halpin contends that the Commissioner of Valuation appears to have made allowances for the type and nature of older industrial properties (namely PN123569), but he does not appear to have carried such allowances through to the subject property.

7.5 Mr. Halpin for the Appellant contended that if a hypothetical tenant could get a standard industrial unit at €20 per sq.metre, he simply would not take the subject property if offered at the same rate. In effect, the hypothetical landlord would have to offer the subject property at a very low price, and on flexible terms in order to achieve a letting. Based on the lettings of comparable properties, the Appellants do not believe that the rent could exceed €10 per sq.metre on the best accommodation.

7.6 The Valuer for the Appellant, Mr. Halpin, contended for a NAV on 31 October 2015 as follows:

Workshop 645.31 sq.metres @ €10 per sq.m = €6453
Store (detached) 78.87 sq.metres @ €10 per sq.m = €789
Store (lean-to/open) 178.60 sq.metres @ €5 per sq.m = €893
Mezzanine 135.41 sq. metres @ €2 per sq.m = €271.

Total: say €8,400

8. RESPONDENT'S CASE

8.1 Mr. Liam Diskin, for the Respondent, contended for a valuation of €16,810.

8.2 The Respondent relies upon 3 items of market information to inform the estimate of Net Annual Value of the subject property as now appearing on the relevant valuation list.

8.3 These 'Key Rental Transactions' were outlined in the precis of evidence under Property Numbers 80852, 132753 and 2213785.

PN 80852 is situated at Bigganfin, Athlone, Co. Roscommon.

PN 132753 is situated at Lanesborough Street, Co. Roscommon.

PN 2213785 is situated at Roscommon Road, Athlone, Co. Roscommon.

The NER per sq.metre of the above properties at ranged from €12.12 to a maximum of €60 per sq.metre.

8.4 The Respondent provided 3 NAV Comparisons as follows:

Property No. 116757 – Athleague Mills, Co. Roscommon – c. 150 m from the subject property. These Mills are part of the Heritage of Roscommon, and c. 10km from the subject property.

Mr. Diskin stated that no representations were made and no Appeal.

Property No. 118420 – Clooneenbaun, Rockfield, Co. Roscommon.

Property No. 1543151 – Cams, Cloverhill, Co. Roscommon. C. 10km from the subject property.

8.5 All of the Comparison have an NAV of €20 per sq.metre.

8.6 Mr. Diskin contended for a NAV as follows:

Factory 645.31 sq.metres @ €20 per sq.m	= €12,906.20
Store 78.87 sq.metres @ €20 per sq.m	= € 1,577.40
Store 178.60 sq.metres @ €10 per sq.m	= € 1789.00
Mezzanine 135.41 sq.metres @ €4 per sq.m	= € 541.64
Total NAV	€16,811.24

Total: say €16,810

9. SUBMISSIONS

9.1 No legal submissions

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 Roscommon.

10.2 The Tribunal considers the subject property to be at a disadvantage in terms of its location and its inferior structure to the NER and NAV comparables given by the Respondent.

10.3 The 3 ‘Key Rental Transactions’ differed from the subject both in terms of size, location and structure and all were deemed by the Tribunal to be superior to the subject property. The Tribunal accepts Mr. Halpin’s evidence on behalf of the Appellant that it would be very difficult to obtain a hypothetical Tenant at €20 per sq.metre for the subject property, given its limitations when compared to a standard industrial unit at €20 per sq.metre. The lack of key rental transaction comparables provided by the Respondent was of little help to the Tribunal in determining their findings.

10.4 Of the 3 NAV Comparisons provided by the Respondent, 2 were not inspected by the Commissioner, and the photographic evidence provided by Mr. Diskin on behalf of the Respondent showed 2 of the 3 comparisons to be of superior quality and location than the subject property.

DETERMINATION:

Accordingly, for the above reasons, the Tribunal allows the appeal and confirms the valuation of the Property as contended for by Mr. Halpin, Valuer for the Appellant which is **NAV €8,400.**

And the Tribunal so determines.