

**Appeal No: VA17/5/267**

**AN BINSE LUACHÁLA  
VALUATION TRIBUNAL**

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

**SHIMNA LTD**

**APPELLANT**

**AND**

**COMMISSIONER OF VALUATION**

**RESPONDENT**

**In relation to the valuation of**

Property No. 2187646, Retail (Shops) at Floors 0,1,2, 19a-e/Unit 5 Castle Street, Roscommon, County Roscommon.

**B E F O R E**

**Niall O Hanlon-BL**

**Deputy Chairperson**

**Claire Hogan-BL**

**Member**

**Donal Madigan- MRICS, MSCSI**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL  
ISSUED ON THE 31<sup>ST</sup> DAY OF JULY, 2018**

**1. THE APPEAL**

1.1 By Notice of Appeal received on the 9<sup>th</sup> 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 €18,260.

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 of valuation is not in line with its potential rental value.*

*2) The subject property (6 Units) were sold for €200,000 in December 2013. The other units have been on the market for 10 years and cannot attract a tenant at any price.*

*3) The whole town of Roscommon is now hopelessly over supplied with retail property given the large amounts of space that was added pre-recession in 2008. Greater allowance needs to be made for these factors.”*

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €11,200.

## **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 €11,650.

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 increased to €18,260. This was partly due to the amalgamation of Property Number 2209586 with Property Number 2187646 which is occupied with the subject property.

2.3 A Final Valuation Certificate issued on the 7<sup>th</sup> day of September, 2017, stating a valuation of €18,260.

2.4 The date by reference to which the value of the property, the subject of this appeal, was determined is the 30<sup>th</sup> day of 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 18<sup>th</sup> day of April, 2018. At the hearing the Appellant was represented by the Mr. Eamonn Halpin B.Sc (Surveying) MRICS, MSCSI and the Respondent was represented by Mr. Liam Diskin B.Sc. (Property Management & 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:

(a) this Property is located north of Roscommon town centre at the corner of Castle Street and Cherry Drive;

(b) the Property is a purpose-built end terrace retail property, comprising the ground floor of Unit 4 and the ground, first & second floors of Unit 5, which was built in 2006;

(c) the floor area of the Property is agreed as follows:

Ground Floor Retail Zone A 51.49 m<sup>2</sup>

Zone B 65.27 m<sup>2</sup>

Zone C 41.66 m<sup>2</sup>

First Floor retail/office 82.15 m<sup>2</sup>

Second Floor retail/office 26.59 m<sup>2</sup>

(d) the Property is held on a tenancy at the rent of € 5,200.00 from March 2014 but it is understood that this is an arrangement between connected parties, and

(e) the Property is used as a hair and beauty salon throughout.

#### **5. ISSUES**

5.1 The appeal is only concerned with the issue of quantum.

#### **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 At the hearing, Mr. Halpin, for the Appellant, contended for a valuation of € 11,000 calculated as follows:

Ground Floor Retail Zone A	51.49m <sup>2</sup> @ €90.00	4,634
Zone B	65.27m <sup>2</sup> @ €45.00	2,937
Zone C	41.66m <sup>2</sup> @ €22.50	937
First Floor	82.15m <sup>2</sup> @ €27.00	2,218
Second Floor	26.59m <sup>2</sup> @ € 13.50	359

Total: 11,085 say, € 11,000.

7.2 In support of his valuation, Mr. Halpin put forward seven comparisons as set out in summary format in section A of the Appendix.

7.3 Mr. Halpin considers that this property is in a tertiary retail location in a development of 9 units only 5 of which have been occupied and that a high level of vacancies persists in neighbouring developments too. The vast oversupply has, in his view, contributed to low rental values borne out by vacancies in Castle Square, Castle View, Castle Court and Stone Court.

7.4 Mr. Halpin maintains that the retail market in Roscommon was very depressed at the valuation date (30<sup>th</sup> October 2015) and cites the example of the block in which this property is located having been purchased (8 of 9 units) in 2013 for € 200,000 with the final unit being bought for € 65,000, giving a unit price (capital value) of around € 30,000 each.

7.5 Mr. Halpin contends that evidence from around the area suggests that a unit of 80-100m<sup>2</sup> could be secured for a rent between € 5,200-7,800 per annum and that demand for accommodation exceeding these sizes declines sharply, irrespective of the space on offer.

7.6 Mr. Halpin made the case that his rental comparisons pointed to a level of rents between € 65-90 Zone A per square metre.

## 8. RESPONDENT'S CASE

8.1 At the hearing, Mr. Diskin, for the Respondent, contended for a valuation of € 18,670 calculated as follows:

Ground Floor Retail Zone A	51.49m <sup>2</sup>	@ €150.00	7,723.50	
	Zone B	65.27m <sup>2</sup>	@ € 75.00	4,895.25
	Zone C	41.66m <sup>2</sup>	@ € 37.50	1,562.25
First Floor	82.15m <sup>2</sup>	@ € 45.00	3,696.75	
Second Floor	26.59m <sup>2</sup>	@ € 30.00	797.70	

18,675.45 say, € 18,670.

8.2 In support of his valuation, Mr, Diskin put forward four rental transactions plus a further three NAV comparisons as set out in summary format in Section B of the Appendix.

8.3 Mr. Diskin contended that his four key rental transactions, variously devalued at between € 152.5-235.80 per square metre Zone A, supported the adopted tone of € 150.00 per square metre (all 4 rental cases were assessed at Zone A € 150.00 per square metre also) and that

there was uniformity of approach as demonstrated by his further 3 NAV comparisons close to the subject property, which were assessed at the same Zone A rate.

8.4 Mr. Diskin confirmed that the four key rental transactions were analysed to give net effective rents (adjusted for date of transaction, inducements and other individual features) as at the statutory valuation date, and it was this collection of net effective rents which provided the basis for deciding what is the appropriate Zone A or NAV per square metre to be applied to a group of properties sharing similar characteristics and, that further adjustments may be made to reflect any further considerations relevant to the subject property being assessed.

## **9. SUBMISSIONS**

9.1 There were no legal submissions in this case.

## **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 County Council.

10.2 The Tribunal considers that, notwithstanding the modern quality and specification of the property, it is in a secondary/ tertiary area of the town relative to main retailing activity.

10.3 The Tribunal considers there to be a wide disparity in the rental evidence provided by the parties but finds that the emerging tone of rents indicates a lower level than that which the Respondent contends for.

10.4 The area of this property totals 267.16m<sup>2</sup> which is considerably in excess of the Respondent's rental comparisons being 75.7m<sup>2</sup>, 79.09m<sup>2</sup>, 52.56m<sup>2</sup> and 78.45m<sup>2</sup>.

10.5 The Tribunal considers the most appropriate comparable property to be that of no. 1 in the Appellant's schedule A, being in close proximity and of similar overall size to the subject.

