

**Appeal No: VA17/5/826**

**AN BINSE LUACHÁLA  
VALUATION TRIBUNAL**

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

**Eithne Cromey**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

**In relation to the valuation of  
Property No. 5009686, Office at 22ab23 High Street, Sligo, County Sligo.**

**JUDGMENT OF THE VALUATION TRIBUNAL  
ISSUED ON THE 15<sup>TH</sup> DAY OF JUNE, 2018**

**BEFORE**

**Rory Lavelle – MA, FSCSI, FSCSI, ACI Arb**

**Deputy Chairperson**

**1. THE APPEAL**

1.1 By Notice of Appeal received on the 12<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 €17,820.

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:

*“The valuation states that the unit as an office but it is the rear of ground floor building with little natural light and thus not lettable as an office. It has no frontage and thus not usable as a retail unit or retail office. The front is let to another tenant and the only access is through a common hall shared with offices upstairs.”*

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €10,404.

**2. REVALUATION HISTORY**

2.1 On the 16<sup>th</sup> day of March, 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 €19,800.

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 €17,820.

2.3 A Final Valuation Certificate issued on the 7<sup>th</sup> day of September, 2017 stating a valuation of €17,820.

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. DOCUMENT BASED APPEAL**

3.1 The Tribunal considered it appropriate that this appeal be determined on the basis of documents without the need for an oral hearing and, on the agreement of the parties, the Chairperson assigned the appeal to one member of the Tribunal for determination.

3.2 In accordance with the Tribunal's directions, the parties exchanged their respective summaries of evidence and submitted them to the Tribunal.

### **4. FACTS**

4.1 The parties are agreed as to the following facts.

4.2 The premises comprise a rear ground floor Unit with access via a shared ground floor entrance lobby currently used as an exercise studio. The entire building has recently been refurbished and the subject benefits from timber floor covering and plastered painted walls. There is only one window. The Net Internal Area of the property is 165 square meters. The upper floors are serviced by a lift.

### **5. ISSUES**

5.1 The Respondents have further reduced the valuation of the premises in line with the €85 per meter squared applied to the upper floor offices. The Appellants position is that the rent should be lower than the other units in the building. This is a quantum only case.

### **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 The rents charged in the rest of the building are in line with the Rateable Valuations. This is not the case with the subject where the actual rent equates to €65 per square meter. The Unit is located on the ground floor at the back of the building and has no street frontage. All the other office Units have good natural light and the subject has only one window limiting its use as an office. There is a structurally raised floor which accommodates a fire exit route to the rear of the unit, because the ground level at the back of the building is higher than the front Street. The Appellant considers that this renders the raised area of little use and when added to the toilets and deducted from the overall floor area leaves about 100 square meters of clear useable space. The Respondent considers that there are not many other uses or demand for this unit given its size, lack of windows, and location in the building and that this is reflected in the actual rent paid. The Respondent includes photographs, plans, and refers to other Valuation List details.

## **8. RESPONDENT'S CASE**

8.1 The Respondents evidence includes photographs including an internal one showing the raised area. Reference is made to the existing 4 year 9 month lease effective from the 10<sup>th</sup> October 2016 at a rent of €10,440 per annum with a break option every 3 months. The Revaluation history is set out with a proposed valuation of €19,800 followed by a final valuation certificate of €17,820. The Tribunal notes that the submission includes a valuation of €14,025 with the Respondent adopting the equivalent office level of €85 per square meter.

8.2 The Respondent accepts the Appellants comment regarding the lack of good natural light within the unit. There is only one window and a glass exit door. Also conceded is the lack of frontage onto High Street. They do not accept the raised platform is of little use, there is no clear impediment restricting the use of this space within the context of the overall floor area.

8.3 The Respondent includes a table of the office units in the building and their NAVs , all at €85 per square meter. The Tribunal notes that the floor areas vary from 14 to 115 square meters. Also included is the ground floor restaurant at €200 per square meter.

8.4 Included are 3 market informers, Teeling Street appears to be a mid terrace office with frontage. Smaller floor area at 38.2 sq.m. and a short 5 year lease, second premises on Teeling Street 4 year lease 84.43 sq.m. ground floor of an imposing corner building Market Yard rolling yearly agreement since 2012, 59.42 sq.m. in a prominent cut stone building. Rents are adjusted to Net Effective Rents and a NAV of €120 per square meter.

8.5 Six properties are included as evidence of equity and uniformity – NAV Comparisons in the list at different locations in the town.

8.6 In concluding reference is made to a 10% allowance however this is superseded by the equivalent application of an office rent to the premises.

## **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 Sligo County Council.

10.2 The parties agree that this space is to the rear of the retail unit, access is via a shared corridor and there is a lack of natural light. The property does not benefit from any street frontage and the present user is as an exercise studio.

10.3 The market comparisons put forward by the Respondent are for premises with frontage, conventional windows/doors and in each case the lease arrangement is short term. The upper floors in the subject building are accessed by a lift and provide refurbished office space. Evidence from the emerging list is of more conventional premises in office use.

10.4 The presence of a short lease on the subject premises at a rate per square meter less than that applied to the upper floor offices and retail portions of the same building is persuasive. The nature of the leases in the comparisons is relevant. Lack of frontage, access via a shared corridor, lack of natural light and different floor levels must, in the opinion of the Tribunal, influence the likely rental value of the property.

**DETERMINATION:**

Accordingly, for the above reasons, the Tribunal allows the appeal and decreases the valuation of the Property as stated in the valuation certificate to €10,725.

165 square meters @ €65 per square meter.

SAY €10,700.

And the Tribunal so determines.