

Appeal No: VA18/3/0042

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

**NA hACHTANNA LUACHÁLA, 2001 - 2015
VALUATION ACTS, 2001 - 2015**

GOOGLE IRELAND

APPELLANT

AND

COMMISSIONER OF VALUATION

RESPONDENT

In relation to the valuation of

Property No. 5011815, Office(s) at Velasco, Clanwilliam Court, Clanwilliam Square, County Borough of Dublin.

B E F O R E

John Stewart – FSCSI, FRICS, MCI Arb

Deputy Chairperson

Dairine Mac Fadden - Solicitor

Member

Donal Madigan – MRICS, MSCSI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 15TH DAY OF JUNE, 2021

1. THE APPEAL

1.1 By Notice of Appeal received on the 24th day of September 2018 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 €1,355,000.

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 28(4) of the Act because:

“The valuation is excessive and inequitable.”

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €1,155,000.

2. VALUATION HISTORY

2.1 On the 21st day of February 2018 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 €1,355,000.

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 manager did not consider it appropriate to provide for a lower valuation.

2.3 A Final Valuation Certificate issued on the 29th day of August 2018 stating a valuation of €1,355,000.

3. THE HEARING

3.1 The Appeal proceeded by way of a remote hearing held on the 4th day of September 2020. At the hearing, the Appellant was represented by Mr Martin O’Donnell BA(Econ), FRICS, FSCSI of CBRE and the Respondent was represented by Mr John O’Brien BSc (Hons), H. Dip, PVEA, MSCSI, MRICS 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

From the evidence adduced by the parties, the Tribunal finds the following facts:

4.1 The Property is located on the corner of Grand Canal Place and Grand Canal Street Lower.

4.2 The Property comprises a high-quality purpose-built office block which was erected in 2017 (Completion Date: March 2017) and is completed to a high specification, including modern air handling system, passenger lifts and is built over ground, basement and six upper floor levels.

4.3 The overall net internal floor area of the building has been agreed between the Surveyors as follows: 4,777.5m² (but see under 5. **Issues**, below, as regards the Basement)

4.4 The number of basement carparking spaces is agreed at seven.

4.5 The Property is leasehold, but the lease is dated July 2017 i.e., some 6.33 years after the statutory valuation date of 7th April 2011.

5. ISSUES

The sole issue in dispute is the quantum of the valuation and in this regard whether part of the basement should be valued at a lower unit value per m² than the rest of the building, and whether a portion of the basement falls to be valued as a store at a consequential lower unit value per m² too. This is a Revision type of appeal by reference to values that prevailed at the original valuation date of 7th April 2011 for the Dublin City Revaluation and evidence therefore relates to tone of the list comparables only.

6. RELEVANT STATUTORY PROVISIONS:

The value of the Property falls to be determined for the purpose of section 28(4) of the Valuation Act, 2001 (as substituted by section 13 of the Valuation (Amendment Act, 2015) in accordance with the provisions of section 49 (1) of the Act which provides:

“(1) If the value of a relevant property (in subsection (2) referred to as the “first-mentioned property”) falls to be determined for the purpose of section 28(4), (or of an appeal from a decision under that section) that determination shall be made by reference to the values, as appearing on the valuation list relating to the same rating authority area as that property is situate in, of other properties comparable to that property.

7. APPELLANT'S CASE

7.1 Mr. O'Donnell, for the Appellant, contended for a valuation of € 1,198,000 as the Net Annual Value of the Property, which, in summary, he calculated as follows:

Levels 0-6	Offices	4,084.60m ²	@ € 260.00 per m ²	=	1,061,996
Level -1	Offices	609.90m ²	@ € 182.00 per m ²	=	111,002
Level -1	Store	83.00m ²	@ € 90.00 per m ²	=	7,470
Car spaces		7	@ € 2,500 each	=	17,500
					1,197,978 say, € 1,198,000

7.2 In support of his valuation Mr. O'Donnell relied on five comparable properties and brief summaries of those are as follows:

1. Property Number 2200441

(1 Warrington Place)

This comprises an office block of 5,212.10m² on basement plus 6 upper floors with 24 car spaces at ground level and which is assessed at the NAV of € 1,403,000 which, in summary, is calculated as follows:

Levels -1 to 6	Offices	5,212.10m ²	@ € 260.00 per m ²	=	1,355,146
Car spaces		12	@ € 1,500 each	=	18,000
Car spaces		12	@ € 2,500 each	=	30,000

1,403,146 say, € 1,403,000.

2. Property Number 1440126

(Treasury Building, Grand Canal Street)

This comprises offices of 1,882.86m² on 2nd Floor level with 20 car spaces at ground level which is assessed at the NAV of € 501,000, which, in summary, is calculated as follows:

Level 2	Offices	1,882.86m ²	@ € 240.00 per m ²	=	451,886.40
Car spaces		20	@ € 2,500 each	=	50,000.00

501,886 say, € 501,000.

3. Property Number 5008853

(55 Percy Place)

This comprises first floor offices of 139.08m² and 2 car spaces at basement level which is assessed at the NAV of € 38,300, which, in summary, is calculated as follows:

First Floor	Office	139.08m ²	@ € 240.00 per m ²	= 33,379.20
Car spaces		2	@ € 2,500 each	= 5,000.00

38,379.00 say, € 38,300.

4. Property Number 799670

(Block 3, Grand Canal Plaza)

This property offices of 3,959.80m² on ground to 6th floors with 40 car spaces at ground floor level which is assessed at the NAV of € 1,129,000, which, in summary, is calculated as follows:

Levels 0-6	Offices	3,959.80m ²	@ € 260.00 per m ²	= 1,029,548.00
Car spaces		40	@ € 2,500 each	= 100,000.00

1,129,548.00

say, € 1,129,000.

5. Property Number 992854

(Block 1, Grand Canal Plaza)

The property comprises offices of 2,560.00m² on ground to 1st and 4th to 6th levels and 25 car spaces at basement level, which is assessed at the NAV of € 676,000, which, in summary, is calculated as follows:

Various levels	Offices	2,560.00m ²	@ € 240.00 per m ²	= 614,400.00
Car spaces		25	@ € 2,500 each	= 62,500.00

676,900.00

say, € 676,000.

7.3 Mr. O'Donnell further asserts that his main comparable is 1 Warrington Place (No.1 in his submission) as he contends that this is very similar in terms of style, size, and location to the subject Property but arguably in a slightly better location, because it is in the heart of a Georgian area as opposed to being on the fringes. He considers that the Valuation Office appear to have adopted a valuation range of € 240 - €260 per m² for 3rd generation office space under the

Dublin Revaluation and he submits that the top level of this range is appropriate for the subject Property. This, he submits, is further evidenced as being appropriate by reference to it being some € 20.00 per m² over the level adopted for the Treasury Building (valued at € 240.00 per m² see Comparison No. 2 in his submission).

7.4 Mr. O'Donnell submits that the basement of the Property should be valued in line with the mode of use of that area with a separate unit value per m² for the stores (€ 90.00 per m²) and a lower value for the offices (€ 182.00 per m²) at that level to reflect their floor level in contrast to the upper floors and with reduced natural light.

8. RESPONDENT'S CASE

8.1 Mr. O'Brien, for the Respondent, contended for a valuation of €1,355,000 as the Net Annual Value of the Property (which is the figure appearing in the Valuation List currently) and which, in summary, he calculated as follows:

Levels 0-6	Offices	4,084.60m ²	@ € 280.00 per m ²	=	1,143,688
Level -1	Offices	692.90m ²	@ € 280.00 per m ²	=	194,012
Car spaces		7	@ € 2,500 each	=	17,500
					1,355,200 say, € 1,355,000

8.2 In support of his valuation, Mr. O'Brien relied on four comparable properties and brief summaries of those are as follows:

1. **Property Number** 2210944 (Completion Date: 18/02/2011)

(Montevetro Building, 45-47 Barrow Street, Dublin 4.)

The property comprises offices of 18,015.20m² over ground to 12 floors plus basement stores of 461.00m² and 28 car spaces at basement level which is assessed at the NAV of € 5,147,000, which, in summary, is calculated as follows:

Levels 0-12	Offices	18,015.12m ²	@ € 280.00 per m ²	=	5,044,200.00
Basement	Stores	461.00m ²	@ € 90.00 per m ²	=	41,490.00
Car Spaces		28	@ € 2,500 each	=	70,000.00
					5,147,883.00
					say, € 5,147,000

2. Property Number 2213297 (Completion Date: 18/02/2011)

(Montevetro Building, 45-47 Barrow Street, Dublin 4.)

This property comprises offices on the 11th & 13th floors of this building of 1,533.43m² and which is assessed at the NAV of € 429,000, which, in summary is calculated as follows:

Levels 11 & 13 Offices	1,533.43 @ € 280.00 per m ² =	429,360.40
		say, € 429,000.

3. Property Number 2211879 (Completion Date: 17/06/2011)

(Trinity Central, 152-160 Pearse Street, Dublin 2.)

This property comprises offices on the 3rd & 4th floors of this building of 2,383.11m² and 24 car spaces at basement level which is assessed at the NAV of € 727,000, which, in summary, is calculated as follows:

3 rd & 4 th Floor Offices	2,383.11m ² @ € 280.00 per m ² =	667,270.00
Car spaces	24 @ € 2,500 each =	60,000.00
		727,270.80 say, € 727,000.

4. Property Number 5004272 (Completion Date: 01/11/2006)

(4th Floor, Block B, Park Place, Harcourt Street, Dublin 2.)

This property comprises offices on the 4th floor of this building of 783.98m² which is assessed at the NAV of € 219,000 and which, in summary, is calculated as follows:

Level 4 Offices	783.98m ² @ € 280.00 per m ² =	219,514.40.00 say, € 219,000.
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8.3 Mr. O'Brien contended that the Property is a high--quality 4th generation building that is targeting LEED gold rating and with a BER energy rating of A3. He confirmed that fresh air is provided to the building by a high efficiency thermal wheel heat recovery air handling system and there is gas fired high efficiency condensing boilers to generate low pressure hot water. He stated that the external façade is composed of a palette of high-quality materials consisting of glass, anodised aluminium, and stone. He also stated that high efficiency air cooled chillers have been installed to generate chilled water for the open plan offices and reception area as well as the air handling unit cooling coil.

8.4. In the course of cross examination Mr. O'Brien confirmed that, although he felt the basement should be valued overall as offices, he was now aware that part was stores at the relevant date and could attract a lower unit value rate accordingly.

8.5 He clarified that although building rankings in terms of energy efficiency, as demonstrated by BER ratings, were important in guiding value assessments he confirmed that the valuation scheme adopted for offices by the Commissioner of Valuation did not make particular reference to that fact but that that issue is something the Commissioner is looking at for future revaluations.

8.6 In conclusion Mr. O'Brien contended that the Property is categorised as a 4th generation building having lifts, raised floors and suspended ceilings and has been valued in line with the tone of the Valuation List for similarly circumstanced properties.

9. SUBMISSIONS

There were no legal submissions in this case.

10. FINDINGS AND CONCLUSIONS

10.1 On this appeal the Tribunal must 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 Dublin City Council.

10.2 This is a Revision type appeal where the Tribunal is directed to consider the relative Net Annual Value ("NAV") of the Property by reference to comparable assessments of NAV from the tone of the Valuation List only by virtue of sec. 49 of The Valuation Act 2001.

10.3 At the hearing of the Appeal, much argument focused on the relative quality of the Property, versus other buildings, and its benefits in terms of energy rating and general efficiency. It was not readily apparent to the Tribunal if the BER rating had been applied with any high degree of precision in the current Dublin Revaluation to facilitate ease of comparing buildings and their NAV assessments. This leaves the task of comparison to a consideration of the various ages of the comparable properties, as an indicator of quality of the specification, to guide the process of valuation accurately within the statutory basis.

10.4 At the conclusion of the hearing both Surveyors were requested to forward construction completion dates to the Tribunal to assist their determination. Mr. O'Brien, for the Respondent, responded confirming dates of completion for the subject property and for his comparables, which are incorporated in his evidence above. Mr. O'Donnell, for the Appellant did not respond in this regard.

10.5 This Property comprises an entire building of 4,777.5m² and accordingly, in considering the comparable evidence submitted by both surveyors, the Tribunal favours the Appellant's Comparison No. 1 (Warrington Place) in terms of comparable size, location and specification. Following that, the Tribunal prefers the Appellant's Comparison No. 4 (Block 3 Grand Canal Plaza) as a guide to value. These provide unit value rates of € 260.00 per m² for closely similar sized, but older buildings in the same general location. The Tribunal considers that all the remaining other comparables, cited by Appellant and Respondent, have less weight in their influence owing, either to size, age and/or location.

10.6 However, the Tribunal considers that the enhanced specification and age of building of the subject Property must be reflected by a somewhat higher unit value per square metre than these two leading comparables. In the absence of any information to the contrary but considering the range of values adopted for office buildings of this size and in this location, the Tribunal considers that a rate of €270.00 per m² fairly reflects this.

10.7 Turning now to the treatment of the basement area, from the evidence established by examination of the witnesses at the hearing, the Tribunal is persuaded that the area of stores should be valued at the lower rate of € 90.00 per m² (no other figure being tendered) to reflect the physical nature of this part of the Property "rebus sic stantibus". However, the Tribunal is not convinced that there is the case for a lower overall rate on the remaining offices at basement level and regards these as comparable to the overall unit value rate adopted for Comparison No. 1 (Warrington Place) as adjusted. Accordingly, this area should attract the same unit value rate per m² as the upper floors. (€270.00 per m²). The value of the car parking spaces is agreed between the Surveyors at € 2,500 per space.

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 € 1,292,500.

This is calculated as follows:

Levels 0-6	Offices	4,084.60m ²	@ € 270.00 per m ²	=	1,102,842
Level -1	Offices	609.90m ²	@ € 270.00 per m ²	=	164,673
Level -1	Store	83.00m ²	@ € 90.00 per m ²	=	7,470
Car spaces		7	@ € 2,500 each	=	17,500
					1,292,485 say, € 1,292,500.