

Appeal No: VA20/4/0086

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

Takeda Pharmaceutical Company Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

In relation to the valuation of

Property No. 5022896, Office(s) at Block 3 The Melesian Building, 50-59 Baggot Street Lower, Dublin 2, County Dublin.

B E F O R E

Eoin McDermott - FSCSI, FRICS, ACI Arb

Deputy Chairperson

Kenneth Enright - Solicitor

Member

Eamonn Maguire - FRICS, FSCSI, VRS, ARB

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 25 TH DAY MARCH 2022**

1. THE APPEAL

1.1 By Notice of Appeal received on the 15th day of December, 2020 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 €1,169,000.

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 :

“Classification: The property is a second generation office building with protected status and which has undergone a redevelopment. The offices are located above a retail banking premises. Quantum: The valuation applied to the subject premises is at the level of the most modern new-build properties in Dublin City. The subject property has a small, poorly shaped ground floor

reception area adjacent to a retail banking premises. The property compares most similarly to the Baggot Plaza included below which is renovated office accommodation above and to the rear of retail and also on Baggot Street. The subject is a protected structure constructed in the 1960's.

Comparators:

843751 Baggot Plaza BOI Baggot Street € 180 NAV per sq. m.

5016873 The Sharp Building Hogan Place € 220 NAV per sq. m.

836924 KBC Offices Sandwith Street Upper, Dublin, D02 X489 € 220 NAV per sq. m.

5010921 LinkedIn Lad Lane € 240 NAV per sq. m.

836921 Twitter Cumberland House € 240 NAV per sq. m.

5008667 AerCap AerCap House, St Stephen's Green € 240 NAV per sq. m.

1440047 124-127 SSG - Indeed St Stephen's Green € 240 NAV per sq. m.

5006821 124-127 SSG - Indeed St Stephen's Green € 240 NAV per sq. m. & €90 stores NAV per sq. m.

Quantum

€831,000 Analysed as follows:

Basement Storage 144.18 sq. m. @ € 90 € 12,977

Ground Office 83.89 sq. m. @ € 180 € 15,100

First Office 1377.28 sq. m. @ € 180 € 247,910

Second Office 1374.95 sq. m. @ € 180 € 247,492

Third Office 1376.07 sq. m. @ € 180 € 247,692

Sub-Total: 4356.37 sq. m. € 771,171

Plus Car parking spaces: 24 @ € 2,500 € 60,000

Total: € 831,171

Say € 831,000”

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €831,000.

2. VALUATION HISTORY

2.1 On 7th September 2020 a copy of a valuation certificate proposed to be issued under section 24(1) of the Valuation Act 2001 (“the Act”) in relation to Blocks 2 and 3 Miesian Plaza 50-58 Baggot Street Lower, Dublin 2 was sent to the Appellant indicating a valuation of €2,407,000.

2.2 Being dissatisfied with the valuation proposed, representations were made to the valuation manager in relation to the extent of property to be valued and the valuation. Following consideration of those representations, the complex was sub-divided, and the valuation of the Property was reduced to €1,169,000.

2.3 A Final Valuation Certificate issued on 19th November 2020 stating a valuation of €1,169,000.

3. THE HEARING

3.1 The Appeal proceeded by way of an oral hearing held remotely on the 22nd day of February 2022. At the hearing the Appellant was represented by Mr. James Farrelly B.Sc. (Surv), MSCSI, MRICS of Colliers and the Respondent was represented by Mr. John Shaughnessy 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 northern side of Baggot Street Lower, between its junctions with Herbert Street to the east and James’s Street East to the west.

4.2 The Property comprises a 1970’s structure that has been extensively refurbished and refitted and completed to a high specification. It was originally part of a three-block complex which served as the headquarters of the Bank of Ireland. The exterior of the property is listed.

4.3 The area of the building has been agreed between the Surveyors as follows:

Floor level	Floor use	Area (M2)
0	Offices	84
-1	Store	144
1	Offices	1,377
2	Offices	1,374
3	Offices	1,376
Total area		4,355
-1	Car spaces (no. of)	24

4.4 The ground floor of the property is a Bank of Ireland branch and is rated separately.

4.5 The parties are agreed that the car parking spaces should be valued at €2,500 each.

5. ISSUES

The sole issue in dispute is the quantum of the valuation. 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 comparisons 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. Farrelly, for the Appellant, contended for a valuation of €999,000 as the Net Annual Value of the Property, which he calculated as follows:

Floor level	Floor use	Area (M2)	NAV (€ per M2)	NAV (€)
0	Offices	84	220	18,480
-1	Store	144	90	12,960
1	Offices	1,377	220	302,940
2	Offices	1,374	220	302,500
3	Offices	1,376	220	302,720
-1	Car spaces (no. of)	24	2,500	60,000
	Total			999,600
	Say			999,000

7.2 Mr. Farrelly described the Property as being excellently located but noted that while the Property had been extensively refurbished and refitted in 2014/2015, the fact that the exterior was listed meant that the original shell and core structure of the Property remained in place. He noted that this had had a number of impacts, resulting in a lower floor to ceiling height of 2.7m and restricted layout options. He gave his opinion that this made the property less attractive to potential tenants.

7.3 Mr. Farrelly put forward eight comparisons to support his position. He noted that all his comparisons had a LEED rating that was similar to the Property, with the exception of comparisons 7 and 8, where the rating was not known. The comparisons can be summarised as follows:

7.3.1 - KBC Bank, Sandwich Street, Dublin 2. A modern office block completed in 2004, part of which (the former Archers Garage) is listed. The property comprises some 6,233 Sq. M. of office space valued at €220 per Sq. M. with basement stores valued at €90 per Sq. M. and car spaces at €2,500 per space. LEED Platinum. Floor to ceiling height not known.

7.3.2 - The Sharp Building, 10-12 Hogan Place, Dublin 2. A modern office block completed in 2018. The property comprises some 4,157 Sq. M. of office space valued at €220 per Sq. M. and car spaces at €2,500 per space. LEED Platinum. Floor to ceiling height 2.8m.

7.3.3 - Baggot Plaza, 17-23 Baggot Street Upper, Dublin 4. A 1970s office block refurbished and extended c. 2014. The property comprises some 6,113 Sq. M. of office

space valued at €180 per Sq. M. and car spaces at €2,500 per space. LEED Gold. Floor to ceiling height 2.75m

7.3.4 - LinkedIn, Lad Lane, Dublin 2. A modern office block completed in 2017. The property comprises some 12,118 Sq. M. of office space valued at €240 per Sq. M. and basement stores and offices valued at €90 per Sq. M. LEED Gold. Floor to ceiling height 3.3m.

7.3.5 - Cumberland House, Cumberland Place, Dublin 2. A 1970s office block refurbished and extended in 2016. The property, which is valued in three separate units, comprises some 11,884 Sq. M. of office space valued at €240 per Sq. M. and car spaces at €2,500 per space. LEED Platinum. Floor to ceiling height 2.85m.

7.3.6 - AerCap House, 65 St Stephens Green, Dublin 2. A modern office block completed in 2015. The property comprises some 5,935 Sq. M. of office space valued at €240 per Sq. M. and car spaces at €2,500 per space. LEED Platinum. Floor to ceiling height 2.85m.

7.3.7 - 124-127 St Stephens Green, Dublin 2. A modern office block completed in 2006. The property comprises some 6,522 Sq. M. of office space valued at €240 per Sq. M. and basement stores at €90 per Sq. M. Floor to ceiling height 2.8m.

7.3.8 - 124-127 St Stephens Green, Dublin 2. A modern office block completed in 2006. The property comprises some 3,725 Sq. M. of office space valued at €240 per Sq. M. and car spaces at €2,500 per space. Floor to ceiling height 2.8m.

7.4 In the course of cross examination by the Respondent, Mr. Farrelly explained that the refurbishment of Block 1 of Miesian Plaza had been done to a higher specification than Blocks 2 and 3. He confirmed that he did not believe that the property was a fourth-generation office block, although he accepted that the property was in a prime location.

8. RESPONDENT'S CASE

8.1 Mr. Shaughnessy, for the Respondent, contended for a valuation of €1,169,000 as the Net Annual Value of the Property, which he calculated as follows:

Floor level	Floor use	Area (M2)	NAV (€ per M2)	NAV (€)
0	Offices	84	260	21,840
-1	Store	144	100	14,400

1	Offices	1,377	260	358,020
2	Offices	1,375	260	357,500
3	Offices	1,376	260	357,760
-1	Car spaces (no. of)	24	2,500	60,000
	Total			1,169,520
	Say			1,169,000

8.2 Mr. Shaughnessy stated that the Property was excellently located and drew the Tribunals attention to the quality of the refurbishment. He noted that the block has been awarded a LEED Platinum status, together with other awards, and provided details of the water, heating and ventilation systems. He noted the Tribunals decision in *VA18/3/0042 Google and Commissioner of Valuation* and the Tribunals finding at paragraph 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.

He noted that the Respondent had adopted a rate of €260 per Sq. M. for the Property and not the rate of €280 per Sq. M. applied to comparable properties which are new builds. He also accepted that the basement stores should be valued at €90 per Sq. M.

8.3 Mr. Shaughnessy put forward five comparisons to support his position. The comparisons can be summarised as follows:

8.3.1 - 24 St Stephens Green, Dublin 2. A 1970s office building that has recently been refurbished and extended. The property comprises some 712 Sq. M. of office space valued at €260 per Sq. M. and car spaces at €2,500 per space. No LEED accreditation.

8.3.2 - 1 Warrington Place, Dublin 2. A modern office block completed c. 2009. The property comprises some 5,212 Sq. M. of office space valued at €260 per Sq. M. and basement car spaces at €2,500 per space. B2 energy rating.

8.3.3 - 40 Molesworth Street, Dublin 2. A 1970s office building that has recently been refurbished and extended. The property comprises some 1,622 Sq. M. of office space valued at €260 per Sq. M. with basement stores at €90 per Sq. M. and car spaces at €2,500 per space. LEED Gold standard.

8.3.4 - 2 WML, Windmill Lane, Dublin 2. A 1980s office building that has recently been refurbished and extended. The property comprises some 4,365 Sq. M. of office

space valued at €260 per Sq. M. and basement car spaces at €2,500 per space. LEED Gold standard.

8.3.5 – Office Units at 2-4 Merrion Row, Dublin 2. A 1980s office building that has recently been refurbished. The property, which is split into four separate units, comprises some 1,024 Sq. M. of office space valued at €260 per Sq. M. and car spaces at €2,500 per space. BER rating A3.

8.4 In the course of cross examination by the Appellant, Mr. Shaughnessy accepted that the comparisons put forward by Mr. Farrelly had a similar LEED rating to the subject but argued that in some cases the entry of the property to the valuation list preceded the acquisition of the LEED rating. He did not accept that the difference in floor heights between 2.7m and 2.85m would be significant to a hypothetical tenant, although he did accept that the difference between the subject and the Appellant's comparison No. 3 (2.7 m as against 3.3m) was a significant factor. When asked if a newly built property was better than a refurbished building, he accepted that a new build property could have advantages over an existing building but pointed out that some new builds had been valued at €280 per Sq. M.

8.5 In response to a query from the Tribunal as to why the Respondent was seeking to value the Property at €260 per Sq. M. when AerCap House, a new build property with similar LEED rating and constructed at the same time as the subject property was being refurbished, was valued at €240 per Sq. M., Mr. Shaughnessy said that might have been the tone for those properties at that time but that his evidence had shown that the tone for properties such as the subject was €260 per Sq. M. When asked to clarify what the tone of the list actually was, given that the Tribunal had heard evidence of values ranging from €280 per Sq. M. to €180 per Sq. M. for properties with little apparent difference in location or specification, Mr. Shaughnessy acknowledged that it was difficult to see where the tone was but reaffirmed his opinion that the property was fairly valued as could be seen from his comparisons.

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 Much of the cross examination by both sides focused on the nature of the property and the question of whether it should be defined as a “third” or a “fourth”-generation building. Various documents were put forward by each party to justify the positions adopted. The Tribunal notes that while there is a broad general property industry understanding of what the terms “third” and “fourth” generation buildings mean, there is no set definition for those terms and therefore little weight can be attached to them.

10.4 The Tribunal was presented with details of 13 office properties as comparisons to consider. Seven were new-builds and six were refurbished. All but one are located in Dublin 2, the exception being located some 350m from the Property. The valuations ranged from €180 per Sq. M. to €260 per Sq. M. and evidence was given that some new build properties are being valued at €280 per Sq. M. The Tribunal asked the Respondent if it could clarify what the tome actually is but the Respondent was unable to do so.

10.5 The Tribunal has considered the comparisons put forward and considers the most appropriate comparison is Appellant’s comparison 5, Cumberland House. This is a building of c. 11,884 sq. M. valued in three separate units of 5,771 Sq. M., 3,021 Sq. M. and 3,082 Sq. M. It was both built and refurbished at approximately the same time as the subject Property. It is valued at €240 per Sq. M. The Tribunal considers that the second most appropriate comparison is Appellant’s comparison 6, AerCap House on the corner of St. Stephens Green and Earlsfort Terrace, a newly built property completed in 2015. This is also valued at €240 per Sq. M. The Tribunal can see no justification for applying a higher valuation to the subject property. The Tribunal notes the comparisons put forward by the Respondent but has attached little weight to them as the Respondent was unable to explain the wide range in values attributed to what appear to be broadly similar comparisons put forward in this case.

10.6 The Respondent placed weight on the decision of the Tribunal in *VA18/3/0042 Google and Commissioner of Valuation*. In that case the Tribunal found that the property being valued should be valued at a higher rate per Sq. M. than the two comparisons it had applied most weight to, due to “*the enhanced specification and age of the subject Property*”. However, in that case the two comparisons being considered were completed in 2009 and 1999, while the property being valued was completed in 2017. In the subject case the two main comparisons were either built or refurbished around the same time as the subject Property and all three have the same LEED Platinum rating.

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 € 1,083,000, calculated as follows: -

Floor level	Floor use	Area (M2)	NAV (€ per M2)	NAV (€)
0	Offices	84	240	20,160
-1	Store	144	90	12,960
1	Offices	1,377	240	330,480
2	Offices	1,374	240	329,760
3	Offices	1,376	240	330,240
-1	Car spaces (no. of)	24	2,500	60,000
	Total			1,083,600
	Say			€1,083,000