

Appeal No: VA19/5/1047

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

Crossvale Management

APPELLANT

and

Commissioner of Valuation

RESPONDENT

In relation to the valuation of

Property No. 5019378, Industrial Uses at Unit 9 Coes Road Industrial Estate, Dundalk,
County Louth.

B E F O R E

Majella Twomey - BL

Gerard O Callaghan - MRICS, MSCSI

Peter Stapleton - FSCSI, FRICS, Dip Arb

Deputy Chairperson

Member

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 12th DAY OF APRIL, 2023**

1. THE APPEAL

1.1 By Notice of Appeal received on the 14th day of October, 2019 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 €23,500.

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 is excessive for the following reasons;

- i. The Commissioner of Valuation does not have appeared to have taken into account the rental levels achieved for individual units in this old industrial complex.*
- ii. The area of the property is incorrect and,*
- iii. The valuation levels are excessive in comparison to the tone of the list.”*

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €13,400.

2. REVALUATION HISTORY

2.1 On the 15th day of March, 2019 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 €23,500.

2.2 A Final Valuation Certificate issued on the 10th day of September, 2019 stating a valuation of €23,500.

2.3 The date by reference to which the value of the Property, the subject of this appeal, was determined is the 15th day of September, 2017.

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 12th day of October, 2022. At the hearing the Appellant was represented by Mr. Martin O’Donnell FRICS, FSCSI of CBRE and the Respondent was represented by Ms. Tanya Vasileva 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.

4.2 The subject Property is located off the eastern bypass in Coes Road Industrial Estate, circa 2.5km east of Dundalk town centre and 5km from the M1 motorway.

4.3 The floor areas are agreed as follows : Industrial offices over ground and first floors: 448.6 sq m.

4.4 The unit is a two-storey industrial office building and part of the former United Beverage Facility which was subdivided for letting purposes when the original occupier ceased to trade from the complex.

4.5 The building has block walls, a flat-roof and single glazed windows.

4.6 The building has not been occupied for approximately seventeen years and it is not in a good state of repair.

5. ISSUES

5.1 The sole issue is 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 Mr O Donnell adopted his precis of evidence and gave evidence on behalf of the Appellant.

7.2 Mr O’Donnell explained that the subject Property is part of an industrial complex and the former United Beverage facility, which closed around 2005. At the relevant valuation date, the estate had a vacancy rate of 50% .

7.3 The Appellant’s agent described the subject Property as being in poor condition and requiring significant investment to make it suitable for occupation.

7.4 Mr O Donnell said that the building was vacant for seventeen years.

7.5 Mr O Donnell said that the building should be demolished and that there was no demand for it.

7.6 Mr O’Donnell advised that all units within the estate were in reasonable condition other than this Unit and numbers 3 and 4.

7.7 Mr O’Donnell claimed that the Property had a notional value and that €30 per sq m NAV would be fair and reasonable given the condition of the property and the level of vacancy in the surrounding buildings.

7.8 It was Mr O Donnell’s case that none of the Respondents comparators were similar as they were either workshops, industrial units or a considerable distance away.

7.9 In the opinion of Mr O’Donnell, the Commissioner failed to take appropriate account of condition of the building and the period of vacancy, when undertaking the assessment of NAV of the Property.

7.10 The Appellant put forward three NAV, tone of the list, comparators. These are set out hereunder.

7.11 **NAV Comparison No.1.** PN 2194610, is Unit 5, Coes Road East and is a workshop, offices and stores. The industrial workshop is rated at €45 euro per square metre, following a Valuation Tribunal determination. Mr O Donnell submitted that this property is a standalone property and does not form part of the main unit, yet the location is similar to the subject property.

7.12 **NAV Comparison No.2.** PN218850 is a showroom and store in the North Link Business Park. This property has a NAV of €60 per sqm for showroom and €50 per sqm for the stores. Mr O Donnell said that the said property is significantly superior to the subject property and benefits from an excellent location at the entrance to the North Link Business Park with excellent profile onto the Coes Road. Mr O Donnell referred the Tribunal to a photograph of this building which showed a modern, high specification property.

7.13 **NAV Comparison No. 3.** The third Nav comparator put forward by Mr O Donnell was a workshop in Blackthorn Business Park on Coes Road. The NAV for the workshop is €55 per sq m. Mr O' Donnell said that this property was significantly superior to the subject property and benefits from a profile onto Coes Road.

8. RESPONDENT'S CASE

8.1 Ms Vasileva gave evidence on behalf of the Respondent and adopted her precis of evidence.

8.2 In her evidence, Ms Vasileva explained that regard must be had to the five Key Rental Transactions that she referred to.

8.3 Ms Vasileva confirmed that she had agreed a reduction in floor area with Mr O'Donnell to 448.6 sq m and that the Property comprised a two storey office building which was to be valued as an old industrial office unit.

8.4 A number of KRT comparators were put forward by Ms Vasileva. These are set out below and referred to more fully in the Appendix (n/a to public)

KRT Comparators:

8.5 **KRT 1** – This is a property at Unit 19 The Brewery Business Park, Dundalk, Co Louth, with a floor area of 70.43 sq m. There is a 4 year 9 month lease, which commenced on the 1st of July 2016. The rent per annum is €7,500. The NER devalues at €100.79 per m.sq for the offices. NAV €120 per sq m. This is located 3.6 km from the subject. It is single storey brick office building with slate roof.

8.6 **KRT 2** – This is a property located at Fair Green, Drogheda, Co Louth. There is a floor area of 55.86 m.sq and it has a 1 year lease only. The rent per annum is €2,400, giving an NER of €42.96 per sq m. NAV €52 per sq m. The property is located in Drogheda town centre and is 37 km south of the subject. It is a single storey industrial unit outside the town and not within an industrial estate.

8.7 **KRT 3** – This is a property at Trinity Street, Drogheda trading as a motor factors and comprising a total of 155.94 sq m of mixed accommodation. It has a 4 year 9 month lease at €10,000 pa. The NER devalues at €52.18 on 61.41 of offices content or NAV of €72 per sq m. It is a two-storey unit with street frontage.

8.8 **KRT 4** – This is a property at Donore Road, Drogheda, with a floor area of 299.4 sq m. There is a 4 year 11 month lease, which commenced on the 1st of February 2016. The rent per annum is €14,000. The NER devalues at €44.50 per sq m for the offices. NAV €50 per sq m. This is located 40 km from the subject. It is single storey detached industrial building.

8.9 **KRT 5** – This is a property at Quay Street, Dundalk, with a floor area of 379.80 sq m. There is a 1 year lease, trading as office supplies, which commenced on the 6th July 2017. The rent per annum is €15,600. The NER devalues at €43.80 per m.sq for the showroom part. NAV €56.40 per sq m for the showroom part. This is located within the town.

8.10 A number of NAV comparators were put forward by Ms Vasileva.

8.11 **NAV comparison No.1.** The first NAV comparator was PN 1320650, situated in Greenhills Industrial Estate, Drogheda. This has a floor area of 52.77 sq m and a NAV of €2,900. This devalues at €55 per sq m. It is a three-storey industrial building.

8.12 **NAV comparison No.2.** This NAV comparator ref PN 5012102 was a property in North Link Business Park, Dundalk, Co. Louth. This has a total floor area of 230.58 sq m. It has a NAV of €50 per m.sq. It is categorised as an industrial unit.

8.13 **NAV comparison No.3.** This NAV comparator is PN 1281356, a vacant single storey workshop property on the Coes Road Industrial Estate, Dundalk. It has a floor area of 188.75 sq m and a NAV of €55.

8.14 **NAV comparison No.4.** This NAV comparator is situated is PN 5007278 in Greenhills Industrial Estate, Drogheda. and has a floor are of 337.46 sq m. It has an NAV of €50 per m.sq for the warehouse and €10 for the store. It is 38 km from the subject and is categorised as industrial with use as a warehouse.

8.15 **NAV comparison No.5.** This NAV comparator is located in Northlink Retail Park, Dundalk. It has a total floor area of 278.83 sq m, with an NAV of €60 per m.sq on the showroom and €50 on the store. It is a single storey industrial building trading in bathrooms units.

8.16 **NAV comparison No.6.** The final NAV is PN 1277774, situated in Greenhills Industrial Estate, Drogheda. This has a floor area of 541.04 sq m and a NAV of 60 per sq m. It is a three-storey industrial building.

9. SUBMISSIONS

9.1 No legal submissions were made.

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 Co Louth.

10.2 The Tribunal accepts that the Property has been unoccupied for 17 years and is not suitable for occupation as an office building. However, it does have suitability for alternative, but restricted use and much more limited than any of the comparators offered by either party.

10.3 The Appellant and the Respondent have put forward a number of comparators. The appellant has put forward NAV comparators, while the Respondent has put forward both NAV and KRT comparators.

10.4 The Tribunal has assessed the NAV comparators put forward by both parties. The Tribunal find that the Appellants comparators are far superior buildings but not similar in design, while the Respondents comparators are either much smaller, too distant, or of a different building type. Notwithstanding that, NAV comparison 6 at €60 per sq m, put forward by the Respondent, is the most similar in type but it is at a distance, and the Tribunal find that it is of a far superior quality. Equally, the Tribunal has cognisance of the Comparison NAV 2, cited by the Appellant, of a modern showroom at North Link Business Park, Dundalk at €60 per sq m which would be superior to the subject Property even if the subject Property was in good condition.

10.5 The Tribunal has assessed the KRT comparators put forward by the Respondent and find that KRT 1 is the only industrial office building. However, it is only 70.43 sq m, single storey, and so of limited assistance to the Tribunal.

10.6 The Tribunal accepts that there is a tone of between €45 and €55 per sq. m for similar sized industrial buildings, dependent on their design and condition, but there is a complete shortage of evidence of industrial offices that are similarly circumstanced.

10.7 The Tribunal finds on the balance of probabilities, that the condition of the building has deteriorated considerably since last occupied and it is reasonable to expect that the Property would require considerable investment to bring it to a standard that it could be used as offices.

10.8 Given the evidence adduced, the Tribunal considers that an appropriate discount must be applied to a NAV of €60 per sq m as set out in 10.4, to a NAV of €55, which then must be discounted by a further allowance of 33% to reflect the investment required and / or the far more limited range of uses such as light storage that the Property could be used for, resulting in a NAV of €36.30 per sq m.

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 €16,300.

Industrial offices 448.59 sq m @ €36.30 per sq ft = €16,284, say €16,300

And the Tribunal so determines.