

Appeal No. VA00/1/010

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

The Academy Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel at Lot No. 11, 12, 13 Cathal Brugha Street, Ward: Rotunda A, County Borough of Dublin.

B E F O R E

Con Guiney - Barrister at Law Deputy Chairman

Michael Coghlan - Solicitor Member

John Kerr - MIAVI Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 5TH DAY OF OCTOBER, 2000

By Notice of Appeal dated the 25th day of April 2000, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £1,650 on the above described hereditament.

The Grounds of Appeal as set out in the Notice of Appeal are that "(a) the business is showing a substantial net loss, (b) having regard to the NAV and taking similar properties into account, we consider the RV to be excessive and (c) the property is in a secondary location."

The Appeal proceeded by way of oral hearing which took place on the 17th day of July, 2000 at the Offices of the Valuation Tribunal, Dublin.

The Appellant was represented by Mr. John Kenneally, M.I.A.V.I, Commercial Director of Kenneally McAuliffe, Surveyors, Rating Consultants, Valuers and Estate Agents. The Respondent was represented by Mr. Michael Keogh, District Valuer with over 30 years experience in the Valuation Office.

A written submission on behalf of the Appellant was received by the Tribunal on the 5th day of July 2000. A written submission prepared by Mr. Keogh on behalf of the Respondent was received by the Tribunal on the 28th day of June 2000.

At the oral hearing both Mr. Kenneally and Mr. Keogh gave sworn evidence and adopted their written submissions as being their evidence in chief to the Tribunal.

THE PROPERTY

The property comprises an 8 storey over basement purpose built hotel situated on Findlater Place off the Northern end of O'Connell Street. The building has a brick façade to the upper floors with a sandstone finish on the ground floor. The windows are mainly double glazed aluminium together with timber windows and doors on the ground floor with metal clad roof. The premises comprises 98 bedrooms on 7 floors. The ground floor comprises an entrance lobby, restaurant and small bar. There is one small conference room contained within the premises which caters for a maximum of 35 persons.

VALUATION HISTORY

The subject premises were assessed in the '98/4 Revision Lists at R.V. £1,400 (effective from 1st January 1999).

Following the appeal to the Commissioner of Valuation the assessment of R.V. £1,400 was increased to £1,650 (effective from 1st January 1999).

APPELLANTS CASE

Mr. Kenneally having noted certain amendments to his précis duly adopted same as his evidence in chief. He explained that the premises were opened in July of 1998 as an accommodation hotel only. He described the location of the hotel as being within a vehicular cul de sac. He went on to explain that the hotel was not branded as such and that as a result occupancy rates had suffered. He stated that occupancy rates varied between 35% and 52% in 1999, which was below average for the city.

Mr. Kenneally cited the various nearby hotels such as the Gresham Hotel, Wynn's Hotel, The Royal Dublin and Cassidys Hotel as comparators all of which were superior to the subject. He contended that the rate per square foot set in relation to the subject was inconsistent with the general tone set in respect of those premises. Mr. Kenneally's preferred method of valuation was on the turnover/profit basis. However, he recognised that the figure realised by relying upon turnover exclusively was perhaps on the low side and did therefore suggest an overall rateable valuation of £876.00 as being a fair combination of the three methods adopted and illustrated in his précis.

1. Capital Value Basis

Estimated Capital Value as 30 th June 1990	£2,275,000
N.A.V. @ 9%	£ 204,750
N.A.V. 1988 (reduced by 20%)	£ 163,800
R.V. @ 0.63%	£ 1,031

2. Turnover Basis

Year ended 30 th June 1999	£1,169,850
Assume Net profit @ 18%	£ 210,573
N.A.V. @ 50%	£ 105,286
N.A.V. @ 1988 (reduced by 20%)	£ 84,229
R.V. @ 0.63%	£ 530

3.	Hotel Accommodation 44,899 sq. ft. @ £3.50psf	£ 157,146
	Basement 3,369 @ £1.50psf	£ 5,053
	18 Cars @ £400 each	<u>£ 7,200</u>
	N.A.V.	£ 169,399
	R.V. @ 0.63%	
	R.V.	£ 1,067

Under cross-examination Mr. Kenneally accepted that the profits method was not a reliable basis for valuation. He was questioned on his comparisons which it was contended, were not appropriate for a variety of reasons to include location, size, prestige, star rating etc.

Mr. Jim Walsh, General Manager of the subject gave evidence and confirmed that there would be a 10% improvement in accommodation expected for year 3. However, during the second year turnover had in fact dropped. He stated that the restaurant turnover was purely attributable to guests with no walk-in customers. He stated that the hotel was heavily reliant upon the tour operator business and was obliged to discount the cost of rooms as a result.

Under cross examination Mr. Walsh confirmed that initially the hotel did not have a full time professional hotel manager and that some marketing was required to bring the occupancy levels up.

RESPONDENT'S CASE

Mr. Keogh on behalf of the Respondent assessed the rateable valuation on the premises at £1650.

TOTAL GROSS EXTERNAL:

Agreed Area	4,171.25 m2 @ £59.20	=	£246,938
Car Parking	24 spaces @ £600	=	<u>£ 14,400</u>
			£261,338
	R.V. @ 0.63%	=	£1,646.42
	Say	=	£1,650.00

At hearing Mr. Keogh amended his figure for car spaces from 24 to 18, thereby adjusting his rateable valuation to £1,620 i.e. 18 spaces @ £600 = £10,800.

Mr. Keogh indicated that within his précis as adopted he had attempted to compare budget hotels in off prime locations to include the Holiday Inn, the George Frederick Handel, The Fitzsimons Hotel and the Jurys Inn. Mr. Keogh was of the opinion that the comparative method was the only basis for valuation. He stated that the contractor's method was not argued before the Commissioner at first appeal stage. He felt that the accounts method was similarly inappropriate.

Under cross-examination he accepted that the Holiday Inn constituted a worldwide chain. He accepted that the George Handel had a Temple Bar location and that both it and Fitzsimons Hotel were much smaller than the subject. Mr. Keogh accepted that Jurys was much larger. It fronted onto the river Liffy and had a conference facility.

DETERMINATION

The Valuation Tribunal has considered the précis of evidence and the submissions of the parties.

The comparisons have been noted and particularly those of the Commissioner of Valuation, which the Tribunal note to be generally more applicable as they constitute budget hotels operating within the same market niche as the subject. Of the comparisons adduced by both parties the Tribunal considers the Holiday Inn located in Pearse Street to be the most appropriate comparator being a slightly superior hotel but located in a slightly inferior setting.

The Tribunal has noted the agreed gross area of 44,900 sq feet (or 4171.25 sq. metres).

The Tribunal is disposed to reduce the Commissioner's valuation on this area to £5.00 per sq. ft. (or £53.82psm). It is noted that that it is agreed that in fact 18 car park spaces service the hotel and the Tribunal assesses the car park area upon that basis.

The valuation therefore is as follows:

Total Gross External Area 44,900 sq. ft. @ £5	= £ 224,500
(or 4,171.25 sq. ft. @ £53.82psm)	
Car Parking 18 spaces @ £600 per space	= £ 10,800.00
Total N.A.V.	= £235,300.00
R.V. @.63%	= £ 1,482.39
Say	= £ 1,482.00

The Tribunal therefore determines that the rateable valuation of the subject premises to be £1482.00.