

Appeal No. VA02/2/052

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

McInerney Construction Ltd.,

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Offices at Lot No. 58E/Unit 46B, Rathfarnham Gate, Main Street, Rathfarnham,
County Dublin

B E F O R E

Tim Cotter - Valuer

Deputy Chairperson

Maurice Ahern - Valuer

Member

Michael F. Lyng - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 18TH DAY OF DECEMBER, 2002

By Notice of Appeal dated the 24th April 2002, the appellant appealed against the determination of the commissioner of valuation in fixing a rateable valuation of €89 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are that;

"The RV is excessive inequitable and bad in law.

The Quantum is out of line with buildings of similar function and value that have been recently revised and appealed in comparable areas."

The said appeal proceeded by way of an oral hearing that took place on 2 October 2002 in the Distillery Building, Dublin. Mr. Eamonn S. Halpin B.S.C. (Surveying) ASCS., ARICS., MIAVI., appeared for the Appellant and Mr. Joseph McBride MIAVI., ASCS., MRICS., a District Valuer in the Valuation Office, appeared for the Respondent.

Both valuers prepared written summaries of their evidence which they exchanged with each other and gave to the Tribunal in the advance of the hearing. Both valuers adopted their summaries, following minor adjustments, as their evidence in the course of the hearing also.

The Property

The subject property is part of a development that consists of four office and four shop units with apartments at the rear of Main Street Rathfarnham. There is an over and under ground car park. The car park is accessed from Main Street. There is a pedestrian access from Main Street and from Rathfarnham Road. The subject is a first floor office at the rear of a larger office unit consisting of a ground floor reception and first floor offices. The building is finished to a good standard with plastered ceilings lighting inset and carpet on concrete floors. Windows are double glazed pvc.

Valuation History

The valuation date for the property is 8 November 2001. The RV was reduced from €14.28 to €89 at first appeal.

Tenure

The property is leasehold. Part of a 20 year lease from April 2001 @ €87,891.27 pa.

Evidence for the Appellant

The subject property is situated in the centre of Rathfarnham Village and the location is classed as a secondary office location. It has no air conditioning or raised access floors. There is over and underground car parking with pedestrian access from the Main Street and from Rathfarnham Road. He said that the main issue between the parties was the level of NAV adopted by the Valuation Office. The area in question is 72 m² with 12 car spaces. The property is located in a Secondary location where passing rents average around €29 per sq ft. in line with suburban values. McInerney Construction developed

the entire property in the mid 1990's. There is a total area of 245 m², with 17 car spaces. The subject property was part of a larger area valued separately as the ground floor and front of the first floor was completed in the revision 2000/4. McInerney did not appeal the first valuation. Mr. Halpin went on to say that there was no building or units in the said area that could be used to make proper comparisons. He said that the Commissioner of Valuation had ignored city centre and south county Dublin premises in making his valuation on the subject property. Mr. Halpin then went through his comparisons, some of which were three to four miles from the subject property but which were in his opinion the most comparable. Mr. Halpin said that if the building was a 72 m² stand alone building, he would have no problem with a higher R.V. but not in the present state and circumstance of the property.

Under cross-examination from Mr. McBride, Mr. Halpin accepted that he would normally agree that the passing rent was the best evidence of net annual value but not in this case. Mr. McBride questioned Mr. Halpin on the city centre and south county Dublin comparisons being mentioned when he had no actual evidence to present to the Tribunal. Mr Halpin said that Comparisons 2 and 3 were being used because they were similar type properties in similar type locations to the subject property.

Mr. Halpin submitted that a fair RV for the subject premises was as set out below.

Est. NAV (1988 tone)

Offices net 72m ² @ €102.51/m ² (£7.50/sq.ft.)	=	€7,380.72
+		
12 car spaces @ €254pa	=	<u>€3,048.00</u>
		€10,428.72
		RV @ 0.63% = €65.70
		Say €66

OR
Agreed Area

Offices net 72m² @ €*109.34m² = €7,872.48
 (£8/sq.ft.)

*Rate to include 2 car parking spaces.

+10 car parking spaces @ €254pa €2,540.00

€10,412.48 @ 0.63% = €65.50 Say €66

Note: These levels adopted to reflect (i) location, (ii) quality of offices (iii) total unit size i.e. 245m² (2,637sq.ft.)

Evidence of the Respondent:

Mr. Joseph McBride gave evidence on behalf of the Respondent. He said that the subject property was part of a larger property but was completed and assessed a year later. Part of the property was valued twice and on appeal the RV was reduced from €14.00 to €9.00. Mr. McBride said that in his opinion the best evidence of N. A. V. has to be adjoining properties, which were all assessed in the 2000 revision.

Mr. McBride valued the premises as set out below:

NAV assessed on a net lettable area:

First Floor Office	72m ² @ €143.37/m ²)	= €10,323
Car Park	12 spaces @ €317/space	= <u>€3,804</u>
Total		€14,127

RV @ 0.63% of NAV = ~~€9.00~~ (£70)

Mr McBride said that in the Tribunal appeal VA/01/3/098 – Sureslim Wellness Centre, the Tribunal upheld the Commissioner of Valuation’s submission that the best comparative evidence for the purpose of assessing the NAV was the NAVs established

on the adjoining units. He then went through his various comparisons, which were adjoining properties to the subject property.

In cross examination of Mr. McBride by Mr. Halpin, Mr. McBride agreed that the Commissioner had sought to rely on the tone that was created on day one for this isolated unit. Mr. McBride did agree that more than 50% or 480 m² of office space has been under challenge or subject to appeal since the development was first valued. Mr. Halpin put it to Mr. McBride that when the premises were valued the first time, no comparisons were available to the valuer. Mr. McBride stated that there were two new developments involved. He said that regard had to be had to rents and in this case the best evidence is the adjoining properties. Car spaces are valued at roughly 50% less in the subject property than in the city center.

On summing up, Mr. Halpin stated that there was a large amount of agreement between the Commissioner and the Appellant in relation to the location of the property, but the main problem is the assessment of NAV based on the rent. Moving back to the N. A. V., one must have regard to the established tone but with no established tone in Rathfarnham Village, one has to look at adjacent areas such as Dundrum and Leopardstown. In his opinion, Comparisons 4 and 5 are the best evidence for the subject property.

Mr. McBride in summing up stated that the subject property should be valued in line with the adjoining properties, based on rental evidence and N. A. V. adopted, as determined by the Valuation Tribunal in VA01/3/098. He stated that the Tribunal decision will effect the other appeals pending in the development. .

Tribunal Findings

1. There is evidence of passing rent in this case.
2. There is no evidence that the passing rent was not a proper commercial rent
3. The most recently revised comparables are the adjoining units in the subject development including the larger office of which the subject property forms a part. The Tribunal is conscious that a first appeal is pending on the balance of

the office space but in accordance with its decision in VA95/1/055, it considers that the evidence in relation to this property is admissible. No evidence of recently revised comparable properties on Main Street was adduced.

4. The Tribunal also accepts that the appellant was entitled to consider other premises such as the offices in the Village Green Tallaght and Dundrum Office Park, notwithstanding how far away they are from the subject property.
5. However it is the Tribunal's view that the most relevant comparables are those in the subject development. The Tribunal has also had regard to its determination in **VA01/3/098 Sureslim Wellness Centre** – relating to a shop in the subject development.

Determination

The Tribunal is of the view, having regard to the comparisons, that the subject office space is fairly valued @ €143.37 per m².

Accordingly the Tribunal determines the R.V. of the premises in question to be €89 and affirms the determination of Respondent.