

Appeal No. VA04/2/060

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

Mr. Conor Nestor

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Shop at Lot No. 5A/Unit 2, Park, Grove Island Shopping Centre, Abbey A, Abbey & Singland, County Limerick

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Frank O'Donnell - B.Agr.Sc. FIAVI.

Member

Mairéad Hughes - Hotelier

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 5TH DAY OF NOVEMBER, 2004

By Notice of Appeal dated the 29th day of April, 2004, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €15.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are: "Similar sized retail property in the immediate vicinity has a rateable valuation of €76.00 (Michael John Hairdressers Corbally Centre, Limerick). The Grove Island Complex is not a shopping centre, offering basic services only to the surrounding area. The complex itself predominantly consists of residential properties, which are of no economic significance to our business. The development as a whole is currently grossly underdeveloped. The complex is not located in the City centre. The facility is located in a suburban area being

a 20min. walk from the main shopping district of O'Connell Street. The facility serves the Corbally Community only. The floor area occupied by food production areas and toilet facilities for the public consists of approximately 35-40% of the total floor area of the Unit. We are aware of an existing similar type of business namely Quigley's in Cruises Street in Limerick, which is one of the busiest pedestrianised streets in the city with a floor area of approx 800 sq. feet, which per square foot has a cheaper valuation than the valuation suggested for my property. The amount of rates currently suggested represent an annual amount of €8,402.00 which equates to 26.25% of the annual rent. The proposed relief road with the Dublin Road is not anticipated to be completed before the end of 2006 and therefore there is no passing traffic. We are essentially located on a cul-de-sac."

Introduction

This appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 20th of September 2004.

At the oral hearing the appellant appeared on his own behalf and the respondent was represented by Mr. David Molony, BSc, MRICS, a district valuer in the Valuation Office.

The Grove Island Centre

The Grove Island Centre is a mixed-use development located about one kilometre from Limerick city centre in a predominantly residential area. The centre which is still in the course of development is presently accessed by a roundabout at the junction of Athlunkard Street and Corbally Road. Construction of a new link road connecting the Corbally Road and the main Limerick to Dublin road has commenced and it would appear that the works will not be completed until 2006 or thereabouts.

The Grove Island Centre when completed will provide a wide range of activities including a supermarket, shopping parade, swimming pool, gymnasium, multi-purpose hall, student accommodation and apartments together with a multi-storey car park. The supermarket and shopping parade are located in a three-storey block with offices at first and second floor levels overhead.

The Property Concerned

The property concerned which trades as "Café Mocha" is situated beside the Super Valu supermarket and the pedestrian entrance to the multi-storey car park. In all there are ten retail units in this shopping parade - eight standard and two double-sized units. At present two of the smaller units are vacant and other occupiers in the parade include a restaurant, Xtra-Vision, a chemist, a bookmaker, a dry-cleaner and a hairdresser.

The property concerned is occupied under a 25-year lease from May 2003 at an initial yearly rate of €32,000. The lease provides for rent reviews at five-yearly intervals. The area of the property concerned is 93.96 sq. metres.

Valuation History

In July 2003 the Valuation Office issued a draft certificate to the effect that it was proposed to value the property concerned at a rateable valuation of €15. Following representations by the appellant the rateable valuation was confirmed at €15. No change was made by the Commissioner of Valuation on foot of a further appeal by the appellant under section 30 of the Valuation Act, 2001. It is against this decision by the Commissioner of Valuation that the appeal to this Tribunal lies.

Mr. Nestor, the appellant, having taken the oath adopted his written précis which had previously been received by the Tribunal as being his evidence-in-chief.

In evidence Mr. Nestor said that the shopping parade at Grove Island suffered from a number of drawbacks which had a detrimental effect on its trading potential including:

- No passing traffic.
- Poor profile onto the existing road network.
- Small local customer base.
- Ongoing construction activity.
- Unfinished state of link road.

Mr. Nestor said that the occupiers of the parade are mainly service providers rather than retailers in the accepted sense of the word. The nature of his business is such that it relies upon the custom of patrons of the other shop units in the parade and the occupiers of the office accommodation. Mr. Nestor said that most of the office accommodation was still vacant and occupiers of the student accommodation and apartments tended not to be customers.

Mr. Nestor said that there was no comparable shopping parade in Limerick and in no circumstances could the Grove Island Centre be compared to the Parkway shopping centre. Parkway, he said, was a large enclosed centre with Dunnes Stores as the anchor tenant.

The Respondent's Evidence

Mr. Molony, after having taken the oath, adopted his written submission and valuation which had previously been received by the Tribunal as being his evidence-in-chief.

In evidence Mr. Molony contended for a rateable valuation of €15 calculated as set out below:

Shop: 93.96 sq. metres @ €198.10 per sq. metre = €18,613.48

Estimated NAV = €18, 613.48

Rateable valuation @ 0.63% = €117.26

Say €15

In support of his opinion of rateable value Mr. Molony introduced three comparisons details of which are set out in the Appendix attached to this judgment.

Two of Mr. Molony's comparisons are in the same parade as the property concerned whilst the other is in the Parkway shopping centre.

In evidence Mr. Molony agreed with many of the issues raised by the appellant and said that he had taken all of the listed drawbacks into account when arriving at an opinion of Net Annual Value including the fact that the link road was not completed and the unfinished state of the Grove Island development.

Under examination Mr. Molony said he had looked at the established levels of value elsewhere in Limerick and in particular the level at the Parkway Shopping Centre. As a result of this examination he came to the conclusion that a downward adjustment of between 20% and 25 % to the Parkway level was appropriate in order to reflect the relative merits of the two centres. Mr. Molony said he did not compare the prevailing rental levels in Parkway against those established in the Grove Island development.

When asked about the assessments in the new neighbourhood shopping centre in Castletroy Mr. Molony said that he understood the shop units there were valued at €236 per sq. metre.

Findings

The Tribunal has carefully considered all the evidence both written and oral adduced by the parties and makes the following findings.

1. It is common case that the Grove Island development is not yet completed and that the link road is in an unfinished state.
2. It is common case that the retail element of Grove Island development suffers from a lack of profile, limited passing traffic and mainly relies upon local custom.
3. It is common case that the retail element of the Grove Island development will benefit from the completion of development works on site and the opening of the link road.
4. The Tribunal accepts Mr. Molony's evidence that he took all the inherent disadvantages of the development into account in arriving at his opinion of rateable value. The Tribunal also accepts that he adopted the prevailing levels at the Parkway shopping centre less 20% as being the basis of his valuation.
5. Of the three comparisons put forward by Mr. Molony two are in respect of other units at Grove Island both of which were valued at the same time as the property concerned. It would appear that representations were received from consultants acting on behalf of the occupiers of these units at the draft certificate stage but no further action was taken.
6. The Tribunal proposes to adopt Mr. Molony's valuation approach i.e. to accept the prevailing levels at the Parkway Shopping Centre less an appropriate allowance to reflect the relative merit of the two schemes. In evidence at the Tribunal Mr. Molony said he thought the appropriate downward adjustment should be in the range of 20% to 25%. This Tribunal proposes to adopt 25% as being fair and reasonable.

Determination.

Having regard to the foregoing the Tribunal determines the rateable valuation of the property concerned to be €109 calculated as set out below:

Shop 93.96 sq. metres @ €184 per sq. metre = €17,288

Net Annual Value say = €17,300

Rateable Valuation @ 0.63% =€109

And the Tribunal so determines.