

Appeal No. VA04/4/002

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

Eamonn Martin

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Workshop at Lot No. 2d, Main Street, Lifford, Clonleigh South, Stranorlar, Co. Donegal.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Michael F. Lyng - Valuer

Member

Patrick Riney - FSCS FRICS FIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF MAY, 2005

By Notice of Appeal dated the 16th day of November 2004, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €50.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:

"Not valued in accordance with the Valuations Acts. Comparison used is not comparable to the property concerned."

The appeal proceeded by way of an oral hearing which took place in the Radisson Hotel, Letterkenny, Co. Donegal on the 28th January, 2005. Mr. Patrick McCarroll, M.R.I.C.S., F.I.A.V.I., A.S.C.S., M.C.I. Arb. represented the appellant, Mr. Eamonn Martin, owner, who also attended. Mr. Damien Curran, M.R.I.C.S., A.S.C.S., B.Sc. (Surv), Grade 1 Valuer in the Valuation Office, represented the respondent. At the oral hearing both parties, having taken the oath, adopted their respective précis as being their evidence-in-chief.

Description:

The subject property comprises a two storey detached retail workshop which is used as a tyre centre and is located on Main Street, Lifford, Co Donegal adjacent to the bridge on the Border with Strabane.

Tenure:

The property is held freehold.

Appellant's case:

Mr. Patrick McCarroll, in his evidence, outlined how Mr. Eamonn Martin had worked extremely hard to build up his tyre business in Lifford, Co. Donegal. However, in spite of his commitment and hard work, his efforts at building up the business had met with very limited success because of the disadvantages of working within a limited catchment area, of being located close to the border town of Strabane and because, since the Troubles in Northern Ireland, Lifford as a town has been steadily in decline.

Even though Lifford is the County town of Donegal, over the last few years a number of regional centres have been set up throughout the county and most of the business of the county is now conducted through these. Mr. McCarroll stated that Mr. Martin's business is solely repairing and selling tyres.

He stated that the agreed floor area is:

Ground Floor Workshop	115.13 sq. metres
Ground Floor Store	66.82 sq. metres
First Floor	164.97 sq. metres

He assessed the rateable valuation at €36 calculated as follows:

		NAV
Ground Floor Workshop	115.13 sq. metres @ €30.00 per sq. metre =	€3454
Ground Floor Store	66.82 sq. metres @ €20.00 per sq. metre =	€1336
First Floor	164.97 sq. metres @ €15.00 per sq. metre =	<u>€2475</u>
	Net Annual Value	€7265
RV @ 0.5%		= €36

He referred to his two comparisons, details of which are at Appendix 1 to this judgment, which he stated were Border comparisons. In his opinion the comparison properties were far superior to the subject. Comparison No. 1, Laurence Harrigan, is a Renault main dealer, located in the border town of Muff which, he said, has had recent unprecedented growth and is convenient to Derry City, which has a very large population. This property is single storey with a floor area of 353.50 sq. metres. The workshop is valued at €30.75 per sq. metre.

His Comparison No. 2, Michael Doherty, the subject of an earlier appeal to the Tribunal-VA04/1/066, is a Fiat and Daihatsu dealer, the premises has a first floor and, unlike the subject, is located some distance from the Border. The workshop is valued at €30.75 per sq. metre. In his opinion the value of the subject property is excessive and puts his client, who is a small operator, under pressure, as he has to compete with major operators who are based in much larger catchment areas.

In cross-examination Mr. Damien Curran put it to Mr. McCarroll that Muff, the location of his Comparison No. 1, is a village, unlike Lifford which is the County town of Donegal. Mr. McCarroll replied that Muff had experienced unprecedented growth and

development in the last few years while Lifford was on the way down from a business point of view. Mr. Curran stated that the size of the workshop in the subject was only a third of the size of the workshop in Mr. McCarroll's Comparison No. 1 and he asked Mr. McCarroll if he felt this difference should be reflected in the valuation. Mr. McCarroll replied that he had reflected this in his assessment as he used the same rate per sq. metre in his valuation. He said that the subject property had a first floor area which he felt should also be taken into account.

Mr. McCarroll agreed with Mr. Curran that his Comparison No. 2, Michael Doherty, was a much older property and structurally inferior to the subject. Mr. Curran then asked Mr. McCarroll if he would accept the basic levels applied in his (Mr. Curran's) three comparisons, details of which are in Appendix 2 attached to this judgment, to which Mr. McCarroll replied that he assumed those levels were correct. He further accepted that Mr. Curran's Comparison No. 1, Kelly, was very close to the subject property and represents the levels attributable to retail units in that location.

When asked by Mr. Curran about his (Mr. Curran's) second comparison, "McPhilemy's", which Mr. Curran said was really a garage at the back of a house and was a basic workshop/store valued at €34.17 per sq. metre, Mr. McCarroll wondered if this premises was occupied but he agreed that it was inferior to the subject and was in an inferior location within Lifford. He went on to say that the property was revised by the Valuation Office but not appealed. He would be interested to know if rates were being paid on the property but he accepted the fact that it was in the Valuation List.

Mr. Curran then asked Mr. McCarroll if he would accept that his (Mr. Curran's) Comparison No. 3, TSA Tyres, was a much larger property (6 times larger, in fact) than the subject. Mr. McCarroll agreed but he also stated that it had three times more road frontage than the subject and had a prime location on the Donegal Road from Ballybofey. He would not agree that the property was outside the town saying it was part of the town though not in the town centre.

Mr. Martin, owner of the subject property, then addressed the Tribunal. Having taken the oath, he stated that he was the owner of the subject property together with his two sons since 2000 and that his property had been through a very difficult period due to its proximity to the Border. He said that most of the businesses in Lifford are either closed or are closing daily due to the fall in trade. At the moment, he is paying €4,300 in rates per year, which he considers to be unreasonable. If the rates are not reduced it may be that the business will have to close with the loss of twelve jobs.

Respondent's case:

Mr. Curran agreed with the description of the subject property already given and gave it as his opinion that the subject property was in a very good, pivotal location.

He then referred to his three comparisons. Comparison No. 1, Kelly's in Main Street, Lifford, located close to the subject property, which is a modern retail unit and shows the prevailing levels of value attributed to such units in Lifford. Comparison No. 2, McPhilemy's, which is a basic workshop/store in an inferior location within Lifford and valued at €34.17 per sq. metre, sets the level for a workshop/store in Lifford. The higher level applied to the subject reflects its superior location. Mr. Curran stated that his Comparison No. 3, TSA Tyres, was a much larger property (6 times larger, in fact) than the subject and was in an inferior location outside the town.

Mr. Curran then commented on Mr. McCarroll's comparisons saying that his Comparison No. 2, Michael Doherty, was old, as found by the Tribunal, and was located in a town at some distance from the subject. Comparison No. 1, Laurence Harrigan, was located in a village whereas the subject was located in the County town of Lifford.

Mr. Curran said he had taken all relevant factors into account when arriving at what he considered to be the net annual value of the subject property as set out below:

Ground Floor Retail/workshop	115.13 sq. metres @ €1.38 per sq. metre = €915.38
Ground Floor Store	66.82 sq. metres @ €27.33 per sq. metre = €1,826.19
First Floor Store	164.97 sq. metres @ €13.67 per sq. metre = <u>€2,255.14</u>
	NAV = €10,000
RV @0.5%	= €50

When asked by the Tribunal about the valuation history of the subject property Mr. Curran replied that it was a new building, built 2-3 years ago. Prior to that there had been an old shop with a very low pre-1988 valuation on the site.

Under cross-examination by Mr. McCarroll, Mr. Curran confirmed that his estimate of the net annual value of the subject property was €10,000, which was a reasonable rent for the property.

With regard to Mr. Curran's Comparison No. 3, TSA Tyres, which is six times the floor area of the subject, Mr. McCarroll pointed out that the valuation of this property is only €8 and that the subject property, which he stated is much smaller, is valued at €50. This he considered an inconsistency in terms of the basis of valuation. Mr. Curran replied that there was a quantum and location allowance for the comparison property because of its larger size and its location outside the town. Mr. Curran claimed that the location of TSA Tyres on the Ballybofey Road outside the town was a disadvantage, in his opinion, unlike the subject which had a prime location within the town. While he agreed with Mr. McCarroll that it was unusual to find a tyre changing business in a town centre, he also felt that the carrying on a tyre business in the subject property was a business decision by the owner and that he would not accept that the subject property could not be used for other businesses.

In reply to a question from the Tribunal regarding the different levels on the workshop in the subject (€1.38 per sq. metre) and in his Comparison No. 3, TSA Tyres (€23.92 per sq. metre), Mr. Curran stated that the differential in value was due to its location and size. When asked as to what level of quantum and location allowance he would apply Mr. Curran replied that he hadn't quantified it but would say that the location of the subject would make its front section twice as valuable. Of the three towns Ballybofey, Stranorlar and Lifford he would rate Ballybofey and Stranorlar as equal and would say that Lifford was making a comeback.

Findings

The Tribunal has carefully considered all the evidence and argument adduced by the parties and makes the following findings:

1. The Net Annual Value of the subject property is to be determined in accordance with the relevant provisions of the Valuation Act, 2001.
2. The Tribunal to some extent accepts Mr. McCarroll's contention that Lifford from a business point of view has declined in importance due to a combination of factors including its proximity to Strabane, limited catchment area and the impact of the Troubles in Northern Ireland. The Tribunal is of the opinion that these drawbacks were not sufficiently reflected in Mr. Curran's valuation of the subject property.
3. The Tribunal does not accept that the Main Street location for a property of this type would have a significant bearing on its hypothetical rental value.

Determination:

Having regard to the foregoing and taking into account the details of the comparisons cited by the parties the Tribunal determines the Net Annual Value of the subject property to be as set out below:

Ground Floor Retail/Workshop	115.13 sq. metres @ €40.00 per sq. metre =	€4,605.20
Ground Floor Store	66.82 sq. metres @ €27.33 per sq. metre =	€1,826.19
First Floor Store	164.97 sq. metres @ €13.50 per sq. metre =	€2,227.10

Total Net Annual Value = €8,658

Net Annual Value Say = €8,600

RV @ 0.5% = €43

And the Tribunal so determines.