

Appeal No. VA07/3/054

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

William Savage Construction

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel at Lot No. 1Ba, Ballincollig, Ballincollig, Cork Lower, County Cork

B E F O R E

Fred Devlin - FSCS.FRICS

Chairperson

Mairéad Hughes - Hotelier

Member

Patrick Riney - FSCS FRICS FIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 17TH DAY OF DECEMBER, 2007

By Notice of Appeal dated the 27th day of July, 2007 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €3,050 on the above described relevant property.

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

" 1) The hotel is situated over five miles from Cork City. 2) This is an old property converted and extended for modern hotel use."

1. 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 8th day of October, 2007.
2. At the hearing the appellant was represented by Mr. Nicholas J. McAuliffe, ARICS of Keneally McAuliffe. Mr. Terence Dineen, B Agr Sc, a District Valuer in the Valuation Office appeared on behalf of the respondent, the Commissioner of Valuation.

Property Concerned

3. The property concerned in this appeal is a new four star hotel on a 2.5 acre site located on the western edge of Ballincollig adjoining the site of the former Murphy Barracks. Ballincollig, a former garrison town, is rapidly expanding and is now a well established dormitory town for Cork City. In the past few years part of the former Murphy Barracks site has been developed to provide an enclosed shopping centre and other facilities.
4. The former Oriel Hotel was purchased in 2003 and planning permission was sought to build a new 100 plus bedroom hotel within the curtilage of the site. Following protracted planning delays, permission was ultimately obtained which resulted in a reduced number of bedrooms (78) and the requirement to provide underground car-parking facilities. In due course it is planned to restore and upgrade Oriel House itself and to incorporate it into the new hotel facility.
5. The new hotel which was opened in January 2006 is three storeys to the front and five storeys to the rear, with some surface car-parking at the front and underground car-parking. It is common case that the hotel, which includes a swimming pool and leisure centre, is well appointed and built to a high standard of construction and finish.

Accommodation

6. The agreed accommodation is as set out below:

Ground Floor: Entrance Foyer, Function Room, Restaurant, Bar, Kitchens, Admin Offices, Toilets and nine Guest Bedrooms.

First Floor: Conference Room and Bedrooms

Second Floor: Bedrooms

In the rear at the lower levels are the swimming pool, gymnasium, laundry, staff accommodation, boiler and plant room and 224 underground car parking spaces.

7. The area of the hotel was not agreed but the disparity in the areas submitted by Mr. McAuliffe and Mr. Dineen was not significant or such as to give rise to a difference in the respective valuations.

Rating History

8. On the 6th of November, 2004, the Revision Officer appointed pursuant to section 28 of the Valuation Act, 2001 issued a Valuation Certificate in accordance with Section 29(3) to the effect that the rateable valuation of the property concerned had been assessed at €3,050. No change was made on foot of an appeal to the Commissioner of Valuation and it is against this decision by the Commissioner that the appeal to this Tribunal lies.

Appellant's Evidence

9. Prior to the hearing Mr. McAuliffe submitted to the Tribunal a précis of evidence and valuation which, when amended at the hearing, he adopted as his evidence-in-chief given under oath. In this evidence Mr. McAuliffe contended for a rateable valuation of €2,444 as against €1,136 as contained in his original submission. Mr. McAuliffe arrived at his opinion of rateable valuation as follows:

Hotel and Leisure Centre	8,813 sq. metres	@ €5 per sq. metre	€484,715
Plant Room	210 sq. metres	@ €20 per sq. metre	<u>€4,200</u>
NAV			€488,915
RV @ 0.5%			€2,444

In support of his opinion of rateable valuation Mr. McAuliffe introduced 3 comparisons, details of which are set out in Appendix 1 attached to this judgement.

10. Mr. McAuliffe said that in arriving at his valuation he had taken the following factors into account which would in his opinion have a bearing on rental value.
- The relatively small population of Ballincollig.
 - The fact that the town has been bypassed by the main motorway into Cork City.
 - The number of bedrooms was insufficient for the holding of large conferences and wedding receptions, which are the mainstays of a successful hotel business.
 - The additional costs incurred by the planning requirement to have underground car parking.
 - Lack of profile.

11. Mr. McAuliffe said that the hotel had struggled to show a profit since it was first opened and would continue to do so for some considerable time. In his précis Mr. McAuliffe included extracts from the accounts of the hotel for the twelve month period ending the 12th March, 2007 but made no reference to them in his evidence to the Tribunal.
12. Under cross examination Mr. McAuliffe agreed that the Vienna Woods Hotel in Glanmire (his Comparison No. 1) was a three star hotel and did not have spa or leisure facilities. He further agreed that, as a general rule, a four star hotel would be valued at a higher level than a three star hotel, but pointed out that at the valuation date (November 2006) the Oriel Hotel had not yet been graded by Bord Fáilte. In relation to his other comparisons, Mr. McAuliffe opined that the Blarney Park Hotel was better located than the property concerned and had a well established tourist business.

Respondent's Evidence

13. Prior to the oral hearing Mr. Dineen submitted to the Tribunal a précis of evidence of valuation which he adopted at the hearing as being his evidence-in-chief given under oath. In his evidence Mr. Dineen contended for a rateable valuation of €3,050 calculated as set out below:

Hotel	8,813 sq. metres @ €68.34 per sq. metre	€602,280
Basement Plant Room	210 sq. metres @ €34.17 per sq. metre	<u>€7,175</u>
NAV		€609,490
RV @ 0.5%		€3,050

In support of his opinion of net annual value Mr. Dineen introduced three comparisons, details of which are set out in Appendix 2 attached to this judgement.

14. In his evidence Mr. Dineen said that Ballincollig was a thriving town and that its population was likely to grow over the next several years due to ongoing residential development in the area.
15. Under examination Mr. Dineen said that he had not examined the accounts of the subject property nor would he care to comment upon them. In any event he had arrived at his opinion of the appropriate valuation of the property concerned by reference to the valuation of other hotels which he considered to be comparable. Such an approach, he said, was consistent with Section 49(1) of the Valuation Act, 2001.

Findings

The Tribunal has carefully considered all the evidence and arguments adduced at the hearing both written and oral and finds as follows:

1. Section 49(1) of the Valuation Act 2001 states *“If the value of a relevant property (in subsection (2) referred to as the ‘‘first-mentioned property’’) falls to be determined for the purpose of section 28(4), (or of an appeal from a decision under that section) that determination shall be made by reference to the values, as appearing on the valuation list relating to the same rating authority area as that property is situate in, of other properties comparable to that property’’*.
2. In rating appeals the onus is on the appellant to show that the valuation of property which is under appeal either to the Commissioner of Valuation in the first instance, or to the Valuation Tribunal is incorrect and not determined in accordance with section 49(1) of the Valuation Act 2001.
3. The property which is the subject of this appeal is by common consent a well appointed hotel with the benefit of a swimming pool and other leisure facilities.
4. Ballincollig is a growing town and is to all intents and purposes part of the greater Cork City conurbation.
5. Both valuers in arriving at their respective opinions of rateable valuation did so using the comparative method of valuation without reference to, or an examination of, the accounts of the business carried on thereat.
6. Of all the comparisons introduced the Tribunal considers the Maryborough Hotel and Spa (Mr. Dineen’s Comparison No. 1) to be the most relevant. The remaining comparisons are helpful, but to a lesser degree.

Determination

Having regard to the foregoing the Tribunal is satisfied that the valuation of the property concerned has been assessed in accordance with section 49(1) and that the valuation so determined is fair and reasonable. Accordingly the Tribunal affirms the valuation of €3,050.

And the Tribunal so determines.