

Appeal No. VA11/5/194

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

**Ardagh Corporate Services Ltd.**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 925290, Office at No. 4 Richview Office Park, Clonskeagh, County Dublin.

**B E F O R E**

**John F Kerr - BBS, FSCSI, FRICS, ACI Arb**

**Deputy Chairperson**

**Mairead Hughes - Hotelier**

**Member**

**Thomas Collins - PC, FIPAV, NAEA, MCEI, CFO**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 27TH DAY OF FEBRUARY, 2012**

By Notice of Appeal received on the 29th August, 2011 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €200,000 on the above described relevant property.

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

*"Too high when compared to other offices and passing rent."*

The Appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 19<sup>th</sup> day of December, 2011. At the hearing the appellant was represented by Mr. Brian Bagnall of Bagnall & Associates, 29 Dawson Street, Dublin 2, while Ms. Fiona Mullins, valuer in the Valuation Office, represented the respondent.

It is to be noted that, by agreement of the parties to the appeals listed hereunder, the determination in this appeal will be the basis upon which the following appeals will be decided: VA11/5/137 - First Data Global Services Ltd; VA11/5/254 - Huntly & Clyde Lauder; VA11/5/256 - Huntly & Clyde Lauder; VA11/5/296 - McDonalds Restaurant of Ireland.

### **The Issue**

The issue between the parties was that of quantum, the appellant maintaining that the rateable valuation of €200,000 was excessive.

### **Valuation History**

The property was the subject of a revaluation as one of all rateable properties in the Dún Laoghaire Rathdown County Council area. A valuation certificate (proposed) was issued on 15<sup>th</sup> June 2010 for €241,000. Representations were lodged on 12<sup>th</sup> July 2010 which resulted in a reduction of valuation to €200,000. An appeal was lodged with the Commissioner of Valuation on 8<sup>th</sup> February 2011 and, following consideration of this appeal, the Commissioner made no change. On 29<sup>th</sup> August 2011 a Notice of Appeal was lodged with the Valuation Tribunal.

The net annual value (NAV) was assessed as follows:

Ground floor Offices	297.9 sq. metres	@	€300 per sq. metre	=	€89,370
1st floor Offices	298.35 sq. metres	@	€300 per sq. metre	=	€89,505
22 car spaces		@	€1000 each	=	<u>€22,000</u>
					€200,875
NAV (rounded to)	€200,000				

### **The Property**

The subject property is a second generation two-storey office building and is located in Richview Office Park in Clonskeagh, Dublin 14. The building comprises a reception area, office space over two levels, a staff kitchen and WCs, includes raised floors and suspended ceilings, but lacks air conditioning and a lift. Office parks nearby include Beech Hill Office Park, Belfield Office Park and Clonskeagh Square. The subject property is serviced by the city bus service, but does not have either the Luas or DART rail services nearby. The property is held leasehold on a 20 year x 5 year FRI lease which commenced in December 2006.

### **Accommodation**

Ground floor Offices 297.9 sq. metres

1st floor Offices 298.35 sq. metres

22 car spaces

### **The Appellant's Case**

Having taken the oath, Mr. Brian Bagnall adopted his written précis as his evidence-in-chief.

Mr. Bagnall explained that the subject property was constructed in the early 1990s and, though at the time it was built to a modern specification, it would now be classified as second generation as it lacks a lift and air conditioning. The subject location is now considered midway between the various city centre office developments and the new office parks in the Sandyford area. He contended that a valuation of €300 per sq. metre on the subject was incorrect and did not conform with section 48 of the Valuation Act, 2001.

Mr. Bagnall told the Tribunal that in December 2005 a lease assignment took place with respect to Unit 9, Richview Park. The passing rent on the entire unit was €80,000 per annum, and the agreed reverse premium was €1,700,000. This reverse premium was then passed on to the new tenant in order to compensate for the inflated rents in the area. He argued that this agreement clearly points to lower demand for office space in Clonskeagh at that time, as the new office space in the general Sandyford area was rising in demand, being first generation standard and better served with public transport and the M50 motorway.

He said that the subject should be compared with properties that are truly comparable in all

respects to the subject property and in line with other offices in the locality. He further stated that rental levels locally were varied, but in the case of the subject there is open market new rental evidence which is more reliable than rent review evidence.

### Comparisons

In support of his valuation Mr. Bagnall introduced three comparisons, Belfield & Beech Hill Office Parks and Clonskeagh Square, details of which are attached at Appendix 1 to this judgment.

Mr. Bagnall said that Belfield and Beech Hill Office Parks are located next to the subject property and are assessed at €280 per sq. metre. Clonskeagh Square also adjoins the subject and is assessed at €260 per sq. metre, and that this lower valuation reflects the absence of raised floors in that complex.

Mr. Bagnall concluded his evidence by arguing that the only difference between the subject office (valued at €300 per sq. metre) and Clonskeagh Square (valued at €260 per sq. metre) is raised floors in the subject, that this sole difference does not merit a valuation premium of €40 per sq. metre, that there is an emerging 'tone of the list' and that rents show that the level is €270 per sq. metre.

### **Respondent's Evidence**

Ms. Fiona Mullins, having taken the oath, adopted her written précis as her evidence-in-chief. Ms. Mullins outlined the valuation history of the subject as already detailed in this judgment. In support of her opinion of net annual value, she introduced three comparisons, details of which are as follows:

#### Comparison No. 1

Property No. 925289, at Unit 3, Richview Office Park, Clonskeagh, Dublin 14, occupied by Tilman Asset Management Ltd. Valuation Date: 30<sup>th</sup> September, 2005.

Offices: Ground & First Floor – 596.69 sq. metres @ €300 per sq. metre = €179,007

Car Spaces: 18 spaces @ €1,000 per space = €18,000

NAV €197,007

NAV (rounded to) €197,000

Comparison No. 2

Property No. 1034908, at Unit 8, Richview Office Park, Clonskeagh, Dublin 14, occupied by Liberty Mortgage Corporation Ltd. Valuation Date: 30<sup>th</sup> September, 2005.

Offices: Ground/Second Floor – 917.33 sq. metres @ €300 per sq. metre =	€275,199
Car Spaces: 32 spaces @ €1,000 per space =	<u>€2,000</u>
NAV	€307,199
NAV (rounded to)	€307,000

Comparison No. 3

Property No. 925288, at Unit 2B, Richview Office Park, Clonskeagh, Dublin 14, occupied by Remco Ltd. Valuation Date: 30<sup>th</sup> September, 2005.

Offices: First Floor – 293.8 sq. metres @ €300 per sq. metre =	€88,140
Car Spaces: 12 spaces @ €1,000 per space =	<u>€12,000</u>
NAV	€100,140
NAV (rounded to)	€100,100

Ms. Mullins said that all of her comparisons are valued at €300 per sq. metre and that she valued the subject in accordance with section 48 of the Valuation Act, 2001. While she acknowledged that the appellant had shown that the tone of the list ranges from €260 to €300 per sq. metre, she nevertheless said that, although none of her comparisons was tested through appeal, rental information supports the valuation of the subject at €300 per sq. metre.

Ms. Mullins concluded her evidence by agreeing, on reflection, that a look at the broader picture of market rents and comparison details debated during the hearing, suggested that an argument could be made to consider a value of €280 per sq. metre on the subject.

**Findings**

The Tribunal would like to thank all parties for both the quality and detail of evidence given during the course of the hearing and finds as follows:

1. The description of the subject property was changed by consent during the hearing from third generation without air conditioning and a lift, to second generation.
2. It was agreed between the parties that the Belfield Office Park evidence put forward by the appellant would be set aside from consideration as some properties located there were,

at the time of hearing of the instant case, under appeal to the Valuation Tribunal.

3. The Tribunal notes the agreement of the parties in the instant case that the reverse premium sum (as detailed in the appellant's comparison Unit 9, Richview Office Park – appeal reference **VA/5/137**) should be deducted from the passing rent, first having been amortised over a ten year period, more fully to reflect market rental conditions at the time.
4. The foregoing, together with the rental analysis of 4 Richview Office Park (the subject case), was analysed to reflect levels of approximately €264 per sq. metre and €259 per sq. metre, respectively.
5. In the case of the subject, the appeal consultant devalued the rent commencing in December 2006 back to the valuation date of September 2005 by applying the Lisney Index, as set out in Appendix 2 of his précis. This in effect made an adjustment downwards of 15.74%. Mr. Bagnall in direct evidence acknowledged that this reduction figure may have been adjusted by reference to the Index change in values noted in the same appendix by reference to the south suburbs of Dublin.
6. The Tribunal notes that the parties agreed that rent review lease provisions should be viewed cautiously to avoid over-reliance on passing rent without consideration given to upward movements in the rent or, indeed, stagnation of rentals post such reviews.
7. The parties were not in dispute on the valuation of the car parking spaces.

### **Determination**

Mindful of the foregoing, together with all the evidence submitted and advanced at hearing, the Tribunal considers that a fair and reasonable valuation on the subject should be set at a level of €280 as follows:

Office	596.25 sq. metres	@	€280 per sq. metre	=	€166,950
22 car spaces		@	€1,000 each	=	<u>€ 22,000</u>
					€188,950

NAV Say €189,000

And the Tribunal so determines.