

Appeal No. VA11/5/185

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

**AIB**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property no. 2193230, Office at Old Dublin Road, Cornelscourt, County Dublin

**B E F O R E**

**Niall O'Hanlon - BL**

**Deputy Chairperson**

**Frank Walsh - QFA, Valuer**

**Member**

**Patricia O'Connor - Solicitor**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 24TH DAY OF FEBRUARY, 2012**

By Notice of Appeal received on the 25th day of August, 2011 the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €432,000 on the above described relevant property.

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

*"The valuation is excessive by reference to both the passing rent and rates applied to similar offices."*

An oral hearing in respect of this appeal took place in the offices of the Valuation Tribunal at Ormond House, Ormond Quay Upper, Dublin 7, on the 26<sup>th</sup> of January, 2012. Ms. Siobhan Murphy B.Sc (Surv) MSCSI, MRICS of GVA Donal O’Buachalla, appeared on behalf of the appellant and Mr. Paul Ogbemor, B Eng (Hons) Civil Engineering, valuer, appeared on behalf of the respondent.

### **The Subject Property**

Property No. 2193230, the subject property, is located at the junction of the N11 Stillorgan Road and Old Bray Road in the suburb of Cornelscourt, approximately 12km southeast of Dublin city centre.

The subject property comprises a standalone third generation three-storey, purpose-built office building. Construction is of concrete block with marble cladding to the outer leaf. A surface car parking facility for 40 vehicles is located to the rear of the property and accessed from the Old Bray Road.

It is not in dispute between the parties that the floor area of the subject property amounts to 1,352.17 sq. metres measured on a net internal area basis.

### **Valuation History**

A proposed Valuation Certificate was issued in respect of the subject property on the 10<sup>th</sup> of September, 2010. The property was valued at €455,000.

Representations were lodged by GVA Donal O’Buachalla on behalf of the appellant on the 7<sup>th</sup> of October, 2010 and the valuation was reduced to €432,000 due to the granting of a 5% end allowance.

An appeal was lodged with the Commissioner of Valuation on the 8<sup>th</sup> of February, 2011 and the valuation remained unchanged.

By Notice of Appeal, received by the Tribunal on the 25<sup>th</sup> of August, 2011, the appellant appealed against the decision of the Commissioner of Valuation.

### **The Issue**

Quantum is at issue in this appeal. The appeal arises out of a revaluation carried out in the Dún Laoghaire Rathdown Rating Authority area. The valuation date is the 30<sup>th</sup> of September, 2005.

### **The Evidence adduced on behalf of the Parties**

Both Ms. Murphy for the appellant and Mr. Ogbebor for the respondent gave direct evidence and were cross-examined. Both adopted their précis as their evidence-in-chief.

Ms. Murphy gave evidence that the subject property was held on a 40-year lease, commencing on the 2<sup>nd</sup> of November, 2007, by the appellant, at a passing rent of €360,000. Evidence was adduced that there were five-yearly rent reviews, with break clauses in years 15 and 20 of the lease, exercisable by the appellant as tenant. It was not asserted on behalf of the Commissioner that the rent passing was not an arm's length rent.

For the purposes of arriving at a valuation Ms. Murphy analysed the passing rent as follows:

Ground Floor	513.98 sq. metres @ 242.50 per sq. metre =	€124,640
First Floor	475.37 sq. metres @ 242.50 per sq. metre =	€115,277
Second Floor	362.82 sq. metres @ 242.50 per sq. metre =	€ 87,983
Car Spaces	40 @ €800 per car space =	<u>€ 32,000</u>
Total		€359,900
Say	€360,000	

Ms. Murphy stated that the IPD Rental Value Growth Index indicated that office rents grew by approximately 8.2% from September, 2005 to November, 2007. In particular it was Ms. Murphy's evidence that the IPD Index stood at 89.9 in September, 2005 and at 97.3 in November, 2007. Her evidence was that the Index stood at 100 in September, 2008.

Ms. Murphy argued that whilst the passing rent was most relevant, the valuation applied to the subject property did not in any event accord with what appeared to be the emerging tone of the list arising from the comparisons included in her précis.

Ms. Murphy further stated that having regard, in particular, to the non-established office location of the subject property, it was her opinion that the passing rent was the most relevant piece of information, when adjusted for rental growth between the valuation date and the actual letting date.

Accordingly, Ms. Murphy submitted that a fair net annual value (NAV) was €35,000, calculated as follows:

Ground Floor	513.98 sq. metres @ 242.50 per sq. metre =	€124,640
First Floor	475.37 sq. metres @ 242.50 per sq. metre =	€15,277
Second Floor	362.82 sq. metres @ 242.50 per sq. metre =	<u>€ 87,983</u>
		€27,900
Less IPD Rental Growth Discount Factor	1.082	
		€303,050
Car Spaces	40 @ €800 per car space =	<u>€ 32,000</u>
Total		€335,050

NAV say €35,000

In support of her opinion of NAV, Ms. Murphy put forward four comparisons, details of which are set out at Appendix 1 to this judgment.

In cross-examination Mr. Ogbebor put it to Ms. Murphy that the IPD Index contained a disclaimer to the effect that its use was not appropriate for any business decision. Mr. Ogbebor also put it to Ms. Murphy that three of the four comparisons that had been advanced on behalf of the appellant were not third generation offices. In addition he highlighted the lack of evidence in

relation to the passing rent on the appellant's comparisons and put it to Ms. Murphy that there were other offices located close to the subject property.

Mr. Ogbebor gave his opinion that the appropriate valuation was as follows:

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Ground Floor 513.98 sq. metres @ 300.00 per sq. metres =	€154,194.00
First Floor 475.37 sq. metres @ 300.00 per sq. metres =	€142,611.00
Second Floor 362.82 sq. metres @ 300.00 per sq. metres =	€108,846.00
Car Spaces 40 @ €1,250 per car space =	€50,000.00
Less 5% End Allowance =	<u>(€22,782.50)</u>
	€432,868.50

NAV say €432,000

Mr. Ogbebor placed reliance on three comparisons (details of which are set out at Appendix 2 to this judgment) and which were all located in or about Blackrock.

In cross-examination Mr. Ogbebor accepted that the subject property was in an inferior location and that this was the reason that a 5% allowance had been granted. He also accepted that rents had increased during the period between 2005 and 2007. Mr. Ogbebor stated that parking spaces in the Dún Laoghaire Rathdown Rating Authority area were valued at €1,250 per space although in the present case that amount had been reduced by 5%.

### **The Submissions on behalf of the Parties**

The parties asked the Tribunal to uphold their respective valuations.

### **Findings**

The Tribunal, having considered the evidence adduced and the submissions made on behalf of the each of the parties, makes the following findings:

1. This appeal arises out of a revaluation carried out in the Dún Laoghaire Rathdown Rating Authority area, the valuation date being the 30<sup>th</sup> of September, 2005.

2. The Tribunal notes that section 48(3) of the Valuation Act, 2001 provides, *inter alia*, that “[...] ‘net annual value’ means, in relation to a property, the rent for which, one year with another, the property might, in its actual state, be reasonably expected to let from year to year, on the assumption that the probable average annual cost of repairs, insurance and other expenses (if any) that would be necessary to maintain the property in that state, and all rates and other taxes and charges (if any) payable by or under any enactment in respect of the property, are borne by the tenant”.
  
3. The Tribunal finds the comparisons advanced by the parties to be of limited assistance in this case. The comparisons advanced by the appellant, with one exception which is located in Carrickmines and is some distance from the subject property, are not third generation offices. The comparisons advanced by the respondent are located in Blackrock and are also some distance from the subject property.
  
4. The Tribunal finds the evidence of the passing rent on the subject property as discounted by reference to the IPD Rental Value Growth Index to be of most relevance in this case.
  
5. The Tribunal accepts the analysis of the passing rent advanced on behalf of the appellant.

### **Determination**

In view of its findings the Tribunal considers that a fair and reasonable assessment of the valuation of the subject property is as follows:

Ground Floor	513.98 sq. metres @ 242.50 per sq. metres =	€124,640
First Floor	475.37 sq. metres @ 242.50 per sq. metres =	€15,277
Second Floor	362.82 sq. metres @ 242.50 per sq. metres =	<u>€ 87,983</u>
		€327,900
Less IPD Rental Growth Discount Factor		1.082
Rent Discounted to September 2005		€303,050
Car Spaces	40 @ €800 per car space =	<u>€ 32,000</u>
		€335,050

NAV say €35,000

And the Tribunal so determines.