

Appeal No. VA88/0/121

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

Grand Hotel, Tramore Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: 5-8 Broad Street, Tramore West, E.D. Tramore West, R.D. Waterford 1, Co. Waterford

B E F O R E

Hugh J O'Flaherty

S.C. Chairman

Mary Devins

Solicitor

Brian O'Farrell

Valuer

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF NOVEMBER, 1988

By notice of appeal dated 18th day of August, 1988, the appellant appealed against the decision of the respondent fixing the rateable valuation of the above described hereditament at £430.00.

The hereditament in question is known as the Grand Hotel and is a Grade B Star hotel situated at the Square, Tramore, Co. Waterford. The accommodation comprises 54 en-suite bedrooms, four of which are staff bedrooms, reception, lounge bar, function room/ballroom, diningroom and ancillary offices and stores. The principal hotel buildings which date from 1819 are 3 and 4 storeys with extensions which are variously 1, 2 and 3 storeys. The original buildings are of

rendered rubble masonry walls, part solid and part suspended timber floors and with pitched and hipped slated roofs, while the extensions are of rendered concrete block with flat roofs of concrete or timber construction.

Before the 1987 revision the property was revalued in 1972 when a rateable valuation of £350.00 was fixed. On revision in 1987 the rateable valuation was increased from £350.00 to £430.00.

In the course of the oral hearing which took place on the 7th November 1988, Mr. Seamus Connolly, B.Sc. Dip. Env. Econ., a valuer with eight years experience in the Valuation Office pointed out that the R.V. of £350 fixed in 1972 devalued to the same figure as the 1987 R.V. of £430.00 viz: at 15p/sq m. The reason for the increase, he explained, was the greater floor area as surveyed in 1987. When Mr. Thomas Treacy, a Director of Tompkins Limited, the appellant herein, and a local man, pointed out that he had no recollection of any extensions to the property since 1972, Mr. Connolly conceded that there may not have been any actual increase in floor area since that time, but that the survey carried out in 1972 may have been somewhat 'piecemeal' and that the 1987 survey was more accurate. In any event, both parties, in the course of the oral hearing, agreed that the floor area was 2880 sq m.

Mr. Jack Devlin, A.R.I.C.S. of Messrs Donal O'Buachalla & Co. Ltd., Valuers, who represented the appellant at the oral hearing, elaborated on his written submission. He stated that there is a severe downturn in the demand for 'home resort' holiday and that as Tramore is traditionally dependent on the home market the downturn is characterised by a restricted holiday season, low bed occupancy and reducing profit margins. He gave evidence of Bed Occupancy Rate for 1987 and this schedule is appended hereto (Appendix A). The accounts for a three year period up to the 31st May 1988, which were provided by Mr. Devlin, and which are reproduced here (Appendix B) show a profit over the period (39 months) of £31,965 (annualised equivalent - £9,835). Mr. Devlin felt that the poor earning ability of the premises is due to reasons outside

the control of the operators, viz. downturn in demand for 'home resort' holiday. He also referred to the Bord Failte 1987 Survey which shows a decline of 16% in the number of registered Grade B star hotels in the period 1980 - 1987.

In view of the reduced profits and taking into account

Mr. Justice Barron's decision in the case of *Rosses Point Hotel Co. Ltd. V. Commissioner of Valuation* High Court, 1986 603 S.S., when he stated that "Profit earning ability is the basic element in determining the Net Annual Value. It is not on actual profits but on what the prospective tenant would anticipate would be his profits." Mr. Devlin felt that an accurate N.A.V. of the property would be in the region of £25,000.00. Mr. Devlin offered certain comparisons in his written submission but stated at the oral hearing that as there were no directly comparable hereditaments in Tramore, that any such comparisons should only be used to supplement the other evidence available.

Mr. Aindrais O Caoimh, B.L., Counsel for the respondent, in the course of the oral hearing, pointed out that as the accounts furnished are only up to 31st May 1988, they excluded the most recent summer season, which would traditionally be the busiest season for the hotel, and that, for that reason, they were perhaps misleading.

Mr. Connolly, on behalf of the respondent also expressed disquiet in relation to the accounts furnished by the appellant. Among other things, he argued that the figures shown in relation to depreciation of buildings should not be taken into account when determining rateable valuation, and he also ascertained from the appellant that the figure shown for rates in the accounts was in part a 'carry-over' from the previous year. Mr. Connolly furnished the Tribunal with a breakdown of his estimate of the N.A.V. of the property at £45,000.00 and a copy of this estimate is attached hereto. (See Appendix C.)

The principal area of disagreement between the parties is, therefore seen to be their respective estimates of N.A.V. of what, in other words, a hypothetical tenant would pay for the property.

The Tribunal accepts that the floor area as surveyed and valued in 1987 is greater than that valued in 1972.

Nonetheless, it recognises the falling-off in the type of hotel business, due, no doubt, to the increasing popularity of foreign holidays, the competition from smaller 'guest houses' which can operate on a much smaller margin of profit and the general economic recession.

Section 11 of the Valuation Act 1852 refers to ..."the rent for which, one year with another, the same might in its actual state be reasonable expected to let from year to year".

In this case, the hypothetical tenant would, no doubt, take into account the poor earning record of the business in recent years, the poor trading prospects and the reducing profit margin.

In all the circumstances the Tribunal has come to the conclusion that a fair rateable valuation for the property would be £350.00, which, as it happens, devalues at approximately 12p/sq m which compares with two of the comparisons offered by Mr. Connolly, viz. Hotel de Luxe and Hibernian Licd. Guest House.