

Appeal No. VA91/4/030

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

Irish Estates Management Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Offices (Nutley Hall) (Part of 1st Floor) Lot No. 87/101 Merrion Centre, Merrion Road,
E.D. Pembroke East, County Borough of Dublin
Quantum - Unit in Merrion S.C.

B E F O R E

Henry Abbott

S.C. Chairman

Mary Devins

Solicitor

Joe Carey

P.C. M.I.A.V.I.

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 4TH DAY OF SEPTEMBER, 1992

By notice of appeal dated the 19th day of December, 1991, the appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £190 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are "that the rateable valuation was incorrect and excessive."

The Property:

The property is at the rear of part of the first floor of the L- shaped, four-storey office building known as Nutley Hall. This is a sister block to Ailesbury Hall, both of which were built by Holland Developments, over units of the Merrion Shopping Centre. There are 2,200 sq.ft. of offices and 8 basement car spaces in the hereditament. Specifications and services are given and are attached as Appendix "A".

The property in question has a total net area of approximately 2,200 square feet. Access is by lift and/or a narrow staircase leading from the ground floor lobby which is shared with other tenants. The toilets are also shared with other tenants in the building. The property is understood to be occupied under an internal agreement by Irish Life Assurance for a term of 35 years from 7th August, 1990, at a rent of £37,800 per annum. It is a full F.R.I. lease and the rent includes 8 car spaces.

The location is at the junction of Merrion Road and Nutley Lane. It is situated above a shopping centre, beside the Merrion Road and across the road from both Vincents Hospital and the Sydney Parade Dart Station.

Valuation History:

As the property is recently constructed the valuation was assessed at revision at £1,870 in respect of the entire premises of which the subject is part. At 1st appeal the balance of the valuation apart from that of the subject was struck out as the building was unoccupied (and unfinished) on the valuation date -November 1990. It is against the valuation of £190 fixed at 1st appeal that the Appellants appealed.

Written Submissions:

A written submission was received on the 21st February, 1992 from Mr. Terence Dineen on behalf of the Respondent and a further written submission was received on the 24th February, 1992 from Messrs. Harrington Bannon Chartered Valuation Surveyors on behalf of the Appellants. Mr. Dineen in his submission stated that the valuation is based on consideration of the rents and not annual values on offices blocks in the area. Reference was made to a map contained in Appendix C prepared by the letting agents Mason, Owen & Lyons and the lettings of the four office blocks near Nutley were referred to and relied upon as comparisons. These lettings are as follows:

- | | | |
|-----|----------------|---------------------|
| (1) | Ailesbury Hall | Reference 2 on map |
| (2) | Merrion Hall | Reference 3 on map |
| (3) | Merrion House | Reference 4 on map |
| (4) | A.I.B. HQ | Reference 15 on map |

Each of these comparable lettings were analysed in the submission in detail and in addition the submission contained publicity material in relation to the subject outlining the type of letting market suggested to be available in addition to suggested rents. This submission indicated that the valuation had been assessed as follows:

2,200 sq.ft.	@ £12 per sq.ft.	= £26,400
8 cars	@ £500	= <u>£4,000</u>
£30,400	@ .63%	= £191.53
say £190.00		

Messrs. Harrington Bannon's submission on behalf of the Appellants in addition to describing the property in the same outline terms as that of the Respondent's submission set out the following factors affecting valuation:-

- 1) The subject property comprises part of the 1st floor accommodation in an office block immediately adjoining the Merrion Centre Shopping Centre.

The offices are situated approximately 2 miles south of the Central Business District centred on Fitzwilliam Square and Merrion Square and approximately 2.5 miles north of Blackrock. Therefore, the offices are situated outside the established prime office locations.

A number of modern office developments have taken place in the Blackrock area including Temple House, Trident House, Enterprise House, Blackrock Hall and Avoca House. To date a total of 260,000 sq.ft. has been developed in Blackrock further emphasising Blackrock as a prime office location. To the north office developments in Dublin 2 and Ballsbridge areas include the Sweepstakes Centre having a total of 130,000 sq.ft.. It is therefore immediately apparent that the subject property is situated outside of the prime office area in Dublin 2 and Blackrock. In my opinion, this fact detracts from its nett annual value.

- 2) At present approximately 30,000 sq.ft. of accommodation remains available in this development further emphasising the poor demand for office accommodation in this location.
- 3) Access to the offices is via a ground floor lobby which is poorly designed in terms of size, layout and decorative finish. This lobby area is shared in common with other occupiers of the building and occupiers have no opportunity to impose their own identity at the main entrance.

Furthermore, toilet facilities at first floor level are within a common area and these will be shared with other occupiers of the buildings.

- 4) Whilst the lease provides for 8 car spaces at basement level same are not immediately accessible from the interior of the building and therefore occupiers are forced to leave the main office building and travel through the Shopping Centre to gain access to the carpark which creates considerable inconvenience.

In addition, the car spaces form part of the Shopping Centre carpark and are not segregated. Therefore, shoppers and other occupiers of the complex can park in any or all of the Appellants car spaces. Furthermore at rush hours there is traffic congestion into and out of the carpark as office workers and shoppers leave the complex.

The submission offered and analysed a number of comparable office rents in the area and the analysis of such comparable rents from the Appellants and the Respondents are contained in Appendices "B" and "C" to this judgment.

The Appellants in their submission gave the following basis for valuation:-

VALUATION

"In my opinion, having regard to the above factors and in particular the location of the development, the shared facilities and poor car parking and the comparable evidence contained in the attached Schedule my estimate of Nett Annual Value as at 1st November, 1988 and Rateable Valuation is as follows:-"

2,200 sq.ft.	@ £ 7.50 p.s.f.	£16,500
8 Car Spaces	@ £250	<u>£ 2,000</u>

Total:-		£18,500
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x .63%		£116
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But Say:- R.V. £120

Oral Hearing:

The oral hearing took place on the 26th day of February, 1992 at which Mr. Adrian Power-Kelly A.R.I.C.S. appeared for the Appellant and Mr. Terence Dineen, a District Valuer with 17 years experience in the Valuation Office appeared for the Respondent.

Mr. Power-Kelly stated that the offices are situated outside of the prime office areas in Dublin 2 and Blackrock and as such this detracts from its Net Annual Value. In Blackrock, he said that 260,000 square feet has been developed and that the Dublin 2 and Ballsbridge areas include the Sweepstake Centre with a total of 130,000 square feet. He also stated that approximately 30,000 square feet of accommodation remains available in the development and that this further emphasises the poor demand for offices in this area. He said that access is by a ground floor lobby which is poorly designed in relation to size, layout and decorative finish and that the lobby is shared with other occupiers and it is not possible to impose individual identity at the main entrance. He reiterated that the toilets are also shared. With regard to the eight car spaces he said that these are not immediately accessible from the interior of the building and the occupiers have to go through the Shopping Centre to arrive at the car park. The spaces he said are not segregated from the Shopping Centre car park and that shoppers and other occupiers can park in any or all of the appellant's spaces.

Both Mr. Power-Kelly and Mr. Dineen gave evidence as set out in their precis of evidence as summarised above and the main issues involved in the debate on their evidence emerged as follows:-

- 1) While the shopping centre in which the subject office premises were situated is in a good area the subject suffered as an office premises looking for the status market by reason of the fact that the Merrion Centre was a mixed use building with the car parking sharing with shoppers.

- 2) That the comparable lettings offered by the Respondent were sometimes in relation to buildings which were of higher status and better location.

Both valuers argued the manner in which rental values at various dates might be adjusted back to November 1988 which was the base period at which the agreed 0.63% ratio was to be applied.

While the Tribunal was moved by the argument that the mixed nature of the activities carried out in the building in which the subject is situated, does militate somewhat against optimising office and carpark rentals. The Tribunal considers that the location is a good one but that the market has not responded well to it. Having regard to the foregoing the Tribunal determines that an appropriate valuation for the subject is £170.