

Appeal No. VA97/4/002

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

C. & D. Foods Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and Land at Lot No. 4AC, Townland: Tinnynarr, ED: Meathas Truim, RD: Granard, Co. Longford.

Quantum - Appropriate valuation on research area

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Barry Smyth - FRICS.FSCS

Member

Marie Connellan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 8TH DAY OF FEBRUARY, 1999

By Notice of Appeal dated the 15th day of July 1997, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £780.00 on the above described hereditament.

The Grounds of Appeal as set out in the Notice of Appeal are that;

- "1. The valuation is excessive and inequitable.
2. The valuation is bad in law."

The relevant valuation history is that subsequent to revision in 1996, the valuation lists were issued fixing a rateable valuation of £800 on the subject hereditament. On 1st July 1997 the Commissioner of Valuation issued his decision on the first appeal reducing the rateable valuation to £780.

A written submission on behalf of the respondent prepared by Mr. Malachy Oakes, a District Valuer with over twenty four years experience in the Valuation Office was received by the Tribunal on 16th February 1998. A supplementary written submission from the Valuation Office was received by the Tribunal on 19th February 1998.

The initial written submission from the Valuation Office contained a schedule of three comparisons. The basis for the rateable valuation of the subject hereditament was set out in the initial written submission of the Valuation Office as follows;

	f ²	£	=	£
Offices	8,099	@ 2.00	=	16,198
Production	17,087	@ 1.75	=	29,902
Offal intake	5,094	@ 1.00	=	5,094
Production packaging	15,590	@ 1.75	=	27,282
Warehouse	27,860	@ 1.50	=	41,790
Research Centre	6,342	@ 2.50	=	15,855
Stores	1,017	@ 1.00	=	1,017
Goods Inward	3,622	@ 0.75	=	2,716
Goods Outward	3,913	@ 1.50	=	5,869
Stores	393	@ 0.75	=	<u>196</u>
				145,919
	R.V. @ 0.5%		=	£ 729
	Add rateable plant (HP)=			<u>£ 50</u>
				£ 779

R.V. Say £780

A written submission on behalf of the appellant prepared by Ms. Sheelagh O’Buachalla B.A., an associate of the Society of Chartered Surveyors and a Director of Donal O’Buachalla & Company Limited, was received by the Tribunal on 19th February 1998.

Ms. O’Buachalla’s written submission contended that a fair rateable valuation for the subject hereditament would be £545. The written submission contained a schedule of five comparisons.

The oral hearing of the appeal took place at the Tribunal Offices in Dublin on 20th July 1998. Ms. Leonie Reynolds B.L. appeared on behalf of the appellant and Mr. Eamonn Marray B.L. instructed by the Chief State Solicitor appeared on behalf of the respondent.

At the opening of the hearing Ms. O’Buachalla handed in a one page document. This document set out the various areas comprised in the subject hereditament and confirmed their agreement with the areas set out by the respondent in his written submission. Furthermore this document confirmed the agreement between the appellant and the respondent as to the values of certain areas of the subject hereditament as follows;

	f²	£	=	£
Offices	8,099 @ 2.00		=	16,198
Stores	1,017 @ 1.00		=	1,017
Stores	393 @ 0.75		=	196

A copy of this document presented to the Tribunal by Ms. O’Buachalla is annexed to this judgment.

Again at the opening of the hearing Ms. Reynolds, with the consent of Mr. Marray, put in evidence before the Tribunal, an album of photographs which related to the subject property and some of the comparisons advanced by both sides to the hearing.

Mr. Terry Carr, Financial Director of C & D Foods gave sworn testimony on behalf of the appellant. He had joined the business in 1983. In 1986 he became the financial director.

In his evidence he described the history of C & D Foods Ltd. Manufacturing had started in 1970 in the old factory which was not part of the present appeal.

In 1983 the production area which was part of the appeal was constructed at a cost of £3,000,000. The product produced there was a single meat and cereal product.

In succeeding years the market became more sophisticated and new products were required. The company adapted to this situation by producing the new products. These new products were manufactured using the existing system. This was a system of six cookers which were not ideally suited for preparing the new products.

In 1989/1990 the company converted an old factory area which had been operating as a warehouse. This area was converted to manufacture small containers of products.

In 1991 the appellant company built a warehouse. This warehouse was not ideal in modern terms. It should be higher for the new technology.

At the same time the goods outwards and the goods inwards buildings were constructed. At the time of revision the goods outwards building was open at certain sides.

In 1994/1995 the research and development building was constructed. This building served three purposes;

- (a) analysis of the appellant company's own product
- (b) to provide facilities for a pilot line, and
- (c) the provision of kennels and a cattery to test the appellant company's products on site.

Mr. Carr said the subject property was located 10 miles from Longford and approximately 1 mile West of Edgeworthstown.

In further evidence Mr. Carr referred to industrial properties in the area. An industrial advance factory owned by Forbairt and located on the Sligo/Longford by-pass, one mile from Longford town, had been lying idle for three years. This property was of a much higher standard than the subject premises.

Under cross-examination by Mr. Marray, Mr. Carr stated that the standard of the production area was not ideal. Mr. Carr stated that the subject hereditament had been added to by way of constructions over time. He stated in further replies to Mr. Marray that the subject hereditament was a basic plant which was not up to the ideal standards of the present time.

Ms. Sheelagh O'Buachalla gave sworn testimony on behalf of the appellant and adopted her written submission as her evidence to the Tribunal. Ms. O'Buachalla withdrew from the consideration of the Tribunal her second comparison, namely Atlantic Mills, Longford. She referred to her first comparison, Curragh Tintawn, Cutlery Road, Newbridge, Co. Kildare. In 1987 the rent on the entire premises (140,000 sq. ft. in total) was £0.71psf and in 1992 £1.01psf. Ms. O'Buachalla stated this rental evidence was the best indicator of N.A.V. and therefore R.V.

Ms. O'Buachalla referred to her third comparison, S.C.A. Packaging, Edenderry, Co. Offaly. This was a smaller property with 2,540 sq. ft. of factory space. The rental evidence there gave a value of £1.47psf for factory space.

Again with reference to her fourth comparison (Interlink Ireland Ltd.), Ms. O'Buachalla stated that a rent of £40,500 in March 1988 gave a value of £1.54psf for warehouse space of 18,052 sq. ft.

Ms. O'Buachalla stated that her fifth comparison Paul & Vincent in Edgeworthstown was not comparable to the subject. Grain milling was carried on in the property and it was slightly older than the subject. She drew attention to the warehouse in Paul & Vincent. The area there was half that of the warehouse in the subject but both warehouses were valued at the same rate psf by the Valuation Office. Ms. O'Buachalla contended that there should have been some allowance for quantum for the warehouse in the subject property.

Ms. O’Buachalla commented on the two other comparisons of the respondent namely Lite Pac Limited and Pat the Baker.

Ms. O’Buachalla stated that Lite Pac Limited was situated in Granard which was a better town than Edgeworthstown. A new extension to the factory there was valued at the same rate psf as the old factory which did not seem reasonable to her.

As to Pat the Baker in Granard Ms. O’Buachalla stated this was a good quality building. It had been constructed to a high specification to meet the hygiene standards of the baking trade.

Under cross examination by Mr. Marray, Ms. O’Buachalla admitted her Tintawn, Newbridge comparison was part of an old industrial complex. She stated, however, that this comparison as industrial space could be compared to the subject.

Mr. Marray put it to Ms. O’Buachalla that the Paul & Vincent premises in Edgeworthstown was the most appropriate comparison to the subject. Ms. O’Buachalla replied that the Paul & Vincent premises was a different property to the subject. It was used for milling grain. The property had reinforced walls to store grain. Ms. O’Buachalla stated that she had put a value of £1.25psf on the warehouse in the subject because, it was twice the size of the warehouse in Paul & Vincent which had been valued at £1.50psf by the respondent.

Mr. Marray asked Ms. O’Buachalla how she had derived £0.90psf for the production and packaging area in the subject. She replied that she had based this value on the rental evidence in the Tintawn comparison and also on the rental evidence contained in her third and fourth comparison. The areas in comparisons three and four were smaller than the subject and she had made a discount for quantum.

Under further cross examination Ms. O’Buachalla said that she had placed the same value on the goods inwards and the goods outwards buildings because both premises had the same construction and function.

In his sworn testimony Mr. Oakes adopted his written submission as his evidence to the Tribunal. Mr. Oakes stated his opinion on inspection of the subject premises was that the manufacturing process there was efficient and running well. He stated that the warehouse and the R & D buildings were of good quality. The R & D building was similar in quality to offices. Again Mr. Oakes stated the offices were better than the average factory offices.

Mr. Oakes in his testimony said the best comparisons were the three local ones which he had included in his written submission. The Paul & Vincent comparison was the only one to which he had gained internal access.

On his inspection of the Paul & Vincent premises he was particularly interested in the warehouse there. He considered that the warehouse in Paul & Vincent was inferior to the warehouse in the subject premises. Mr. Oakes said that the offices in Paul & Vincent are free standing away from the main building and felt roofed.

Mr. Oakes then commented on his two comparisons, Lite Pac Limited and Pat the Baker. In the case of the former it seemed on external inspection to be a series of buildings added to over time. There was a parking problem associated with the site particularly on market days. In the case of the latter comparison it was located on a difficult confined site and the ground was sloping. This site was difficult to access for trucks. Again on external examination the buildings were oldish and seemed to be badly maintained.

In his evidence Mr. Oakes contrasted these two properties with the subject. The appellant company had good road frontage and ease of access.

Mr. Oakes then commented on Ms. O'Buachalla's comparisons. In the case of the Tintawn comparison he had been the revising valuer there in 1994. It was an old building built on the site of Irish Ropes. The buildings were dated and basic and there had been additional constructions over time.

Mr. Oakes stated that he would put a value of £2.50psf on factories and £3.00psf on offices in Newbridge.

The most appropriate comparison according to Mr. Oakes was the Paul & Vincent premises in Edgesworthtown. It was across the road from the subject and there was warehousing there.

Mr. Oakes then commented on the N.A.V. for the subject hereditament and the basis for it in the property. The production area was a good building with good daylight. The offal intake was suited to its purpose. The production packaging was again a good building. The R & D building was well built and well sectioned.

On cross-examination by Ms. Reynolds, Mr. Oakes would not concede that £2.50psf was excessive for the R & D facility. It was a showpiece and was very well finished. Again Mr. Oakes did not agree that the production packaging was not ideally suited for its purpose.

In reply to Ms. Reynolds question as to the fact that the I.D.A. advance factory at Longford had been lying idle for three years, Mr. Oakes replied that there had been negative environmental factors associated with that site.

Ms. Reynolds put it to Mr. Oakes that in the case of Paul & Vincent and the warehousing there in comparison to the subject's warehousing (which was almost twice the area) he should have made some allowance for quantum in the subject. Mr. Oakes replied that 27,000 sq. ft. is not a big warehouse. He would only think about making a quantum allowance in the case of much larger warehouses, usually over 100,000 sq. ft.

On cross-examination as to why the same values psf had been put on the old factory and the new extension in the case of Lite Pac Limited, Mr. Oakes stated that the figures there had been arrived at by agreement. In reply to another question by Ms. Reynolds, Mr. Oakes said he did not make any allowance for pilot production in the R & D area of the subject. The area there had been well finished and pilot production is better than factory production.

When questioned as to why he placed different values psf on the production area and the warehousing area in the subject Mr. Oakes stated that there was better daylight in the production area.

In his closing submission Mr. Marray stated that in law and in fact local comparisons were the most appropriate for arriving at a rateable valuation.

In her closing submissions Ms. Reynolds stated that rental evidence was the best evidence for arriving at a rateable valuation. She directed the Tribunal in particular to the rental evidence contained in the first and fourth comparisons advanced by Ms. O’Buachalla (Tintawn and Interlink Ireland Ltd.)

Determination

The Tribunal has considered the written submissions of the appellant and the respondent. The Tribunal has also considered the oral evidence and the submissions of Counsel for the appellant and the respondent.

The Tribunal notes that some values for areas in the subject have been agreed between the appellant and the respondent.

The Tribunal finds that the Paul & Vincent comparison and in particular the warehouse area there is the most appropriate guide in arriving at a determination as to the areas in dispute between the appellant and the respondent.

The Tribunal therefore finds that a value of £1.50psf should be placed on the production area in the subject and that there is no reason to differentiate the production packaging area and a value of £1.50psf is placed in that area also.

The Tribunal finds there are no grounds to change the value psf on the offal intake as fixed by the respondent at £1.00psf

In line with its use of the Paul and Vincent comparison the Tribunal finds there are no grounds for changing the value psf for the warehouse fixed by the respondent, namely £1.50psf.

The Tribunal finds that as pilot production is carried on in the R & D area the research centre should have a value of £2.00psf

Finally the Tribunal finds that as both the goods inwards and the goods outwards were both open at the time of revision they should both be valued at the same rate psf namely £0.75.

Accordingly the N.A.V. should be assessed as follows;

	f²	£	£
Offices	8,099 @ 2.00	=	16,198
Production	17,087 @ 1.50	=	25,630
Offal intake	5,094 @ 1.00	=	5,094
Production packaging	15,590 @ 1.50	=	23,385
Warehouse	27,860 @ 1.50	=	41,790
Research Centre	6,342 @ 2.00	=	12,684
Stores	1,017 @ 1.00	=	1,017
Goods Inward	3,622 @ 0.75	=	2,716
Goods Outward	3,913 @ 0.75	=	2,934
Stores	393 @ 0.75	=	<u>295</u>
	N.A.V.	=	131,743
	R.V. @ 0.5%	=	658.71
	Add rateable plant (HP)	=	<u>50.00</u>
			£708.71
			<i>Say £708</i>

The Tribunal therefore determines the rateable valuation of the subject hereditament to be £708.

