

Appeal No. VA98/3/128

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

Midland Furniture Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Factory and land at Map Reference 11, Cappakeel ED: Emo, RD: Mountmellick, Co. Laois.

B E F O R E

Liam McKechnie - Senior Counsel

Chairman

Marie Connellan - Solicitor

Member

George McDonnell - F.C.A.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 16TH DAY OF FEBRUARY, 2000

By Notice of Appeal dated the 5th day of August 1998 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £240 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the valuation is excessive, inequitable and bad in law.

The Property

The subject property is situated in the townland of Cappakeel which is located about six miles north of Portlaoise town, seven miles from Monasterevin and about twenty miles from Tullamore. The premises comprise a series of workshops and production/warehouse facilities together with some office and showroom space.

The total area extends to just over 33,600sq. ft. This area is inclusive of approx. 5,100 sq.ft. of lofted stores. The agreed areas are as follows:

	<u>Sq.Ft.</u>
Office	1,132
Showrooms	1,293
Factory/production area	12,018
Warehouse/canteen	13,001
Stores	1,145
Lofted stores	5,091
	—————
	33,680
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Valuation History

The R.V. was revised in November '97 at an amount of £240. No change was made to this valuation on first appeal which issued in July '98.

The written submission prepared by Mr. Eamonn Halpin MIAVI, Principal, Eamonn Halpin & Co., Valuers and Property Consultants was received by the Tribunal on the 13th day of December 1999.

This submission showed the area of the subject property to be valued as representing 28,561 sq. with a suggested R.V. of £160. The area of the subject property shown on the submission by the Appellant excluded that applicable to the lofted stores.

The submission prepared by Mr. Denis Maher, District Valuer with 23 years experience in the Valuation Office was received by the Tribunal on the 13th day of December 1999.

Hearing and Evidence

The appeal proceeded by way of an oral hearing which took place at the Tribunal offices in Dublin on the 17th day of December 1999. The appellant was represented by Mr. Eamonn Halpin and the respondent was represented by Mr. Denis Maher. In accordance with the rules of the Tribunal and following established practice, the parties had, prior to the hearing, exchanged their written submissions. At the oral hearing both valuers, having taken the oath, adopted their written submissions respectively as their evidence-in-chief.

Appellant's Case

In his submission, Mr. Halpin stated that the subject property comprised a series of basic workshops. The original buildings are of very basic construction being iron post with part concrete block walls and corrugated asbestos sheeting over. Roofs are of corrugated asbestos and there are concrete floors internally. The first buildings were erected around 1979 with extensions added in 1984 and 1995. Approx. half of the building have eaves height of no more than 12ft. with the extension (1995) having eaves height of 16 ft. and double skin metal deck roof.

In Mr. Halpin's opinion, the property is located in a rural location with little other commercial activity in the immediate area with the main emphasis being on agriculture. In his opinion, given the significant size of the building (in excess of 30,000 sq.ft.) it would be difficult to sell or let that size of property given the location in question. Accordingly, he felt the matter of a quantum discount arises. The appellant pointed out that any prospective tenant would only pay a very moderate rent for these buildings due to their basic nature, low eaves height and location. This is particularly the case given that better quality buildings were available closer to the town of Portlaoise on moderate terms in the mid to late 1980's. However Mr. Maher on behalf of the Commissioner disagreed with this latter point.

Mr. Halpin put forward a schedule of six comparisons (see appendix attached). Comparison number 1, 2, 5 and 6 are located in the surrounding area of the subject, while the other two comparisons (No. 3 and 4) are located adjacent to Navan but were selected as they are of similar-type use. Mr. Halpin suggested in the case of the local comparisons, the majority would be of a better quality than the subject and located in recognised industrial areas in or around Portlaoise. Mr. Halpin's preferred comparison was No. 3 which related to L.&N. Darby & Son Ltd. in Navan. He regarded it as the most comparable as it is also an agricultural area with similar asbestos covered roofs which were erected in the 1960's with major additions in the 1980's.

The most significant difference between the subject and the comparison are the later additions which are of a better quality having a double skin roof. However Mr. Maher on behalf of the Commissioner referred Mr. Halpin to the Tribunal Judgement in the case of L. & N. Darby whereby there was reference to that property being located close to a maze of minor roads and asked the appellant if the subject property had a similar type location. Mr. Halpin contended there was no difficulty with access to L. & N. Darby as it was approx. 4 miles from Navan on a corner site.

Mr. Halpin also pointed out that the majority of his comparisons had an eaves height in the region of 20ft. and would contend that for the letting out of industrial property, this would be a major factor whereas the subject property had an eaves height of 12ft. In his view, distribution companies generally would not take anything under eaves height of 20ft./22ft. and would not accept the type of structure which represents the subject.

With regard to the matter of excluding the lofted stores from his valuation, Mr. Halpin explained that taking a property in the region of 30,000 sq.ft., it would be reasonable in his view not to have a separate valuation applicable in this area which in most cases would not be of much practical use. He explained the lofts were over the offices and at the rear of the main workshop but as they had restricted headroom, they are deemed to be of no additional value.

Respondent's Case

In his evidence, Mr. Maher gave a description of the property and mentioned that while it is about six miles north of Portlaoise town, it is close to the main Dublin road. This is the principal route serving the South and South West and linking Dublin City with Cork and Limerick through the N.7 and N.8 routes. The property occupies a corner site at the Emo-Mount Mellick road and has frontage to both roads. He explained that the unit extends over three interconnecting bays built in three phases over a period, starting with phase one in 1974, continued with phase two between 1979 and 1984 and completed with phase three in 1995. The latter phase also included the upgrading of the previous two phases to modern industrial standard to provide an identifiable unit. The central bay contains office and showroom space at ground floor (front) with lofted stores overhead. There is further lofted storage space in phase 1. Warm air central heating is installed in phase one and three. There is a car park/circulation yard to the front.

While the appellant suggested that this was a very moderate location, removed from the centre of population, this was contested by Mr. Maher. In his opinion, the subject property has a good central location for communications and transport being on the main Dublin/Cork/Limerick road with good profile overlooking same. He considered the factory/warehouse area to be good quality space. Furthermore he disagreed with Mr. Halpin that prime space in Portlaoise is valued around £1.25 to £1.50 p.sq.ft. Evidence suggests that prime space is valued from £1.50 to £2.00 p.sq.ft. depending on location with some exceptional space up to £2.25 p.sq.ft.

Mr. Maher put forward a schedule of five comparisons (see appendix attached). Mr. Maher's preferred comparisons were No. 1 & 2. Comparison No.1 is based at Ballybrittas and is a rectangular shaped building just beside the village on the main Dublin/Cork road. Although it is on the main road, access is at the side which is quite similar to the subject property. In that case the valuation was agreed at first appeal (factory of 12,015 sq.ft at £1.75 p.sq.ft.) However Mr. Halpin contended that the eaves height in this property was approx. double that of the subject. With regard to comparison no. 2, Mr. Maher also felt this was particularly comparable with the subject because it was a similar type building just off the main Dublin/Cork road. In that case, the main store was almost 30,000 sq.ft. and valued at £1.50 p.sq.ft.

The valuation placed by the Commissioner on the factory space in the subject was at £1.50 p.sq.ft. while on the warehouse it was £1.75 p.sq.ft. Mr. Maher explained that the subject property was constructed more or less in three stages. The central portion of the building was the first part constructed and subsequently there was an extension put at the rear of the same. The last portion to be constructed was the far block and the near block. As a result, phases 1 and 2 were relatively small and the last phase was the main one containing the warehouse.

Findings and Determination

The Tribunal has considered the written submissions and the oral evidence submitted and matters raised at the oral hearing by both the appellant and the respondent. Both parties have relied substantially on comparative evidence as the basis for their valuation and the Tribunal has had regard to same.

With regard to the comparisons used by the appellant, it was noted in the case of comparison No. 3 (L.& N. Darby) that the location was off a number of quite minor roads and the buildings were somewhat inferior. In the case of comparisons no.4 (Ronald Sherlock Furniture) and no. 5 (Tretorn Sport Sales) the areas involved are substantially less than the subject.

In the circumstances, these are not considered to be comparable in the present case. Comparisons No. 1 (Borden International) and No. 6 (An Post) are considered to be more comparable.

With regard to the comparisons put forward by the respondent, comparison No. 3 has a total area of just under 4,000 sq.ft. and is not considered appropriate. With regard to comparison no. 4, this relates to a cash and carry business and cannot be compared directly with an industrial-type building. Accordingly, it is considered that comparisons 1, 2, and 5 in this case are more relevant.

While the Tribunal accepts the subject property is located close to the principal route serving the South and South West linking Dublin with Cork and Limerick, nevertheless, some weight must

be attributed to the fact that the buildings were constructed at different stages with quite a variation on the quality and finish of the individual areas. In addition, it is considered that an eaves height in the region of 12 ft. could be a significant deterrent in renting out this property to potential tenants for warehouse/distribution use. However the Tribunal also considers that all areas of the subject premises should be valued inclusive of the lofted stores as they have some form of use in this type of facility.

In the circumstances and in the light of the evidence provided, the Tribunal determines the rateable valuation of the subject property as follows:-

<u>Description</u>	<u>Area(Sq.Ft.)</u>	<u>Rate P.Sq.Ft.</u>	<u>Total</u> £
Offices and showroom	2,425	2.00	4,850
Factory/workshop	12,018	1.25	15,023
Warehouse/canteen	13,001	1.50	19,502
Stores	1,145	1.00	1,145
Lofted Stores	5,091	0.50	2,546
	—————		—————
	33,680		£43,061

@ 0.5% R.V. of £215.33

Say R.V. £215