

Appeal No. VA14/5/842

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

MMM LTD.

APPELLANT

And

Commissioner of Valuation

RESPONDENT

In Relation to the Issue of Quantum of Valuation in Respect of:

Property No. 2168843, Retail (Warehouse), Kingsmeadow Business Park, Inner Ring Road Waterford, County Waterford.

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF MARCH, 2018
HAVING BEEN DETERMINED ON THE 28TH DAY OF SEPTEMBER, 2015**

BEFORE:

Sasha Gayer - SC

Chairperson

James Browne - BL

Member

Thomas Collins - PC, FIPAV, NAEA, MCEI, CFO

Member

1. The Notice of Appeal:

By Notice of Appeal received on the 4th day of September, 2014 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a net annual value of €123,900 on the above described relevant property on the grounds as set out in the Notice of Appeal as follows:

"The valuation is excessive"

2. The Hearing:

The Appeal proceeded by way of an oral hearing at the Tribunal offices at Holbrook House, Holles Street, Dublin 2, on the 28th day of September, 2015 at which the Appellant was represented by Martin O'Donnell FSCSI, FRICS, ACI Arb, head of business, rates and compulsory purchase in CBRE and the Respondent was represented by Ian Power, BSC, of the Respondent's office.

3. The Property:

The Property comprises of a glass fronted retail showroom with stores to the rear located on the section of the Inner Ring Road between the Cork Road and Tramore Road.

4. The Appellant's Evidence and Submission:

On behalf of the Appellant, Mr. Martin O'Donnell, gave evidence describing the Property in the terms set out above. The floor areas of same are agreed.

Mr. O'Donnell argued that the property is located on a road that is secondary to other retail showrooms and has a lower profile than other retail showrooms on the Cork and Tramore roads.

In addition, he stated that the subject property is significantly larger than the surrounding retail showrooms and a quantum allowance is therefore warranted, which he stated should reduce the adjacent values from €70 to €55 per square meter for the subject property.

Mr. O'Donnell submitted that rental values for retail showrooms in Waterford have increased since the revaluation order date of 28th October 2011 and that consequently the NAV should be lower than the current rent. He proposed however, that the NAV should equal the current rent even though the current rent was agreed for the 1st February 2015.

Mr. O'Donnell submitted that the primary method of valuation should be the Rental Method as this information is now available and the secondary method of valuation should be the comparison method by reference to other properties on the valuation list.

In this regard, Mr. O'Donnell said that for the purpose of calculating a fair NAV, he had regard to the current open market rent and to the emerging "Tone of the List" in respect of other similar properties in the general locality.

He described a number of comparison properties all of which he argued were superior to the subject property in terms of location and profile and to reflect this he proposed a reduction in the rate per square meter in the subject showroom from €75 to €55.

The appellant concluded by submitting that a fair and reasonable value for the subject property would be as follows:

Retail Warehouse :	1,578.37 sq. m.	@ € 55 per sq.m	=	€86,810
Store:	374.10 sq.m.	@ €15 per sq.m	=	€ 5,612

€92,422

Say: €92,000

5. The Respondent's Evidence and Submission:

The Respondent's valuer, Mr. Ian Power, submitted that the estimate of value, of a property, is, in accordance with Section 48 of the 2001 Act, what a hypothetical tenant would pay – not necessarily what a particular tenant is paying. Mr. Power submitted that the Net Effective Rent (NER) provides the basis for deciding what is the appropriate NAV per square meter to be applied to a group of properties sharing similar characteristics including the subject property. He argued that following this if there are any relevant individual considerations in relation to the subject property relative to that group further adjustments may be made to the NAV.

In this case a valuation level of €75 per square meter was applied to arrive at a NAV of €123,900.

Mr. Power gave details of 2 “informer” properties which he relied upon in arriving at the NAV for the subject property.

1. EZ Living Furniture, Unit 2-3 Butlerstown Retail Park, Waterford.
Purpose built warehouse located off Ring Road.
Valuation: 2243.75 sq.m. @ €75 per sq.m. = €168,200
2. Electro City, Unit 1 Kingsmeadow Retail Park, Inner Ring Road, Waterford.
Purpose built retail warehouse located adjacent to subject property.
Valuation: 597.6 sq.m @. €70 per sq. m. = €41,800

The respondent stated that there are 11 properties valued in the vicinity of the subject property at €75/€80 per sq.m. He advised that only 5 of these were appealed to the Commissioner of Valuation and the subject is the only one under appeal to the Valuation Tribunal.

Mr. Power gave details of 6 comparison properties that he argued shared similar characteristics to the subject property and are located in the Waterford City and County Council rating area.

These comparisons were valued at €70- €80 per sq.m apart from Comparison 6A (Musgrave's Cash and Carry) which he argued has an inferior location and profile and is valued at €65 per sq. m.

Mr. Power concluded by requesting that the Tribunal affirm the valuation of €123,900.

6. Findings:

The Tribunal, having examined the particulars of the property the subject of this appeal; having confirmed its valuation history; having examined and considered the written

evidence and having heard the oral evidence adduced before us by the parties to the appeal finds that:

1. The subject building has an irregular triangular shape which results in a proportion of the space being unusable and renders it less desirable as a rental property.
2. The subject property is in an inferior location on the inner ring road with an inferior profile compared to other retail showrooms and limited visibility from the Cork and Tramore roads.
3. The Tribunal found Comparison 6A from the Respondent's evidence (Musgrave's Cash and Carry) with a NAV of €65 per sq.m to be the most useful comparator.

7. Determination:

Accordingly, the Appeal is allowed and the NAV of the Property is as is set out below:

That the Net Annual Value of the subject property be as set out below:
Retail Warehouse: 1,578.37 sq.m @ €65 per sq. m. = €102,594.05
Store: 374.1 sq. m @ €15 per sq. m. = € 5,611.50

€ 108,205.55

Say: €108,200

And the Tribunal so determines.