

Appeal No. VA17/3/021

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

**AN tACHTANNA LUACHÁLA, 2001 - 2015
VALUATION ACTS, 2001 to 2015**

An Post

APPELLANT

And

Commissioner of Valuation

RESPONDENT

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

Property No. 5010678, Industrial Uses at Ravensdale Road, County Borough of Dublin.

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 16TH DAY OF JANUARY, 2018**

BEFORE:

Carol O' Farrell - BL

Chairperson

Hugh Markey - FSCSI, FRICS

Member

Frank O'Grady - MA, FSCSI, FRICS, FIABCI

Member

1. THE NOTICE OF APPEAL

- 1.1 By Notice of Appeal dated the 11th September 2017 the Appellant appealed against the determination of the revision manager appointed by the Respondent pursuant to which, and in exercise of his powers under section 28 (4) of the Valuation Act 2001 as amended, the net annual value '(the NAV)' of the above relevant Property was fixed in the sum of €243,000.

1.2 The Notice of Appeal states that the valuation of the Property is incorrect on grounds that:
“The valuation is excessive by reference to the values of comparable properties as appearing in the valuation list in Dublin City Council”.

1.3 The Notice of Appeal stated that the Appellant considered that the valuation of the Property ought to have been determined in the sum of €148,000.

2. THE HEARING

The Appeal proceeded by way of an oral hearing held in the offices of the Valuation Tribunal at Holbrook House, Holles Street, Dublin 2, on the 13th December 2017. The Appellant was represented by the Mr John Algar AssocSCSI AssocRICS of GVA Donal O’Buachalla and Mr John O’Brien BSc (Hons) in Real Estate Management of the Valuation Office represented the Respondent.

3. THE PROPERTY

3.1 The Property is located on Ravensdale Road close to its junction with East Road in the north Dublin inner city area of East Wall. It is within easy reach of the Port Tunnel and the M50.

3.2 The Property comprises a two-storey office building which fronts onto and is accessed from Ravensdale Road, a detached warehouse to the rear of the office building and a large yard with car parking for 47 vehicles, 26 of which are covered by a canopy. The warehouse and rear yard have a separate access off East Road. There is separate access from Ravensdale Road and car parking for members of the public attending the sorting office.

3.3 The office building is of modern construction with concrete floors, concrete and metal clad walls, aluminium framed windows, and a metal deck roof. The warehouse comprises a single space warehouse measuring 1,646.95 m² with an eaves height of approximately 6.5 metres at its highest point and dropping to 3.26 metres. The warehouse is purpose built and is in use as a sorting office.

3.4 The Property is owner occupied.

4. RE-VALUATION HISTORY

- 4.1 The Respondent appointed a revision manager under section 28 (2) of the Valuation Act 2001 as amended (hereinafter “the Act”) to exercise such powers pursuant to section 28 of the Act as appeared warranted in respect of the Property. Pursuant to his powers under section 28(4)(b) of the Act the Revision Manager carried out a valuation of the Property and included the Property on the valuation list together with its value as determined on foot of that valuation.
- 4.2 On the 10th April 2017 pursuant to section 29(1) of the Act a copy of a valuation certificate proposed to be issued in relation to the Property was sent to the Appellant indicating a valuation of €243,000.
- 4.3 The Appellant made representations to the revision manager seeking a reduction in the valuation, but the revision manager did not consider it appropriate to amend the terms of the valuation certificate proposed to be issued under section 28(6).
- 4.4 A Valuation Certificate was issued on the 23rd August 2017 stating a valuation of €243,000. The Tribunal notes that the said Certificate was incorrectly issued pursuant to section 29 of the Valuation Act 2001 as amended, however, the Appellant made no objection to the Valuation Certificate.

5. THE RELEVANT STATUTORY PROVISIONS:

- 5.1. The value of the Property falls to be determined for the purpose of section 28(4) of the Valuation Act, 2001 (as substituted by section 13 of the Valuation (Amendment Act, 2015) in accordance with the provisions of section 49 (1) of the Act which provides:

“(1) If the value of a relevant property (in subsection (2) referred to as the “first-mentioned property”) falls to be determined for the purpose of section 28(4), (or of an appeal from a decision under that section) that determination shall be made by reference to the values, as appearing on the

valuation list relating to the same rating authority area as that property is situate in, of other properties comparable to that property.

6. THE AGREED FACTS

The description, physical characteristics of the buildings and mode of use of the Property were agreed as was the size of the Property which measured on a gross external area (GEA) basis as follows:

Sorting office	1,646.95 m ²
Offices	1,026.30 m ²
Canopy	306.33 m ²
Yard (excluding circulation)	3,519 m ²

7. THE DISPUTE

This appeal raised the issue as to whether the level of value applied to the Property by the revision manager is excessive by reference to the values of comparable properties appearing on the valuation list for Dublin City Council.

8. THE APPELLANT'S EVIDENCE

8.1 In accordance with the Rules of the Tribunal, the parties had exchanged their respective Précis of Evidence prior to the commencement of the appeal hearing and submitted them to the Tribunal. At the oral hearing, each witness, having taken the oath, adopted his Précis as his evidence-in-chief in addition to giving oral evidence.

8.2 Mr Algar gave a description of the Property's location and pointed out that it is in a predominantly residential area but acknowledged the presence of new office development on East Road and the commercial development on East Wall Road. He explained that the Appellant had relocated to Ravensdale Road from its former premises on Cardiff Road opposite the Bord Gais Theatre to facilitate the construction of third generation office buildings and residential redevelopment in that area and as a result was now situate in a significantly inferior location further away from its distribution area. He highlighted the difference in value of third generation office buildings near Cardiff Road at €260 per m² and

the value of the third-generation office building occupied by the ESB at One Gateway on East Wall Road at €170 per m².

8.3 Mr Algar produced details of four comparison properties. Of these, three are situate in the East Wall area and in his view, are indicative of valuation levels varying from €32.00 per m² to €40 per m² depending on the quality of the accommodation. His first comparison, however, was the property (now demolished) formerly occupied by the Appellant on Cardiff Road as it loosely mirrored the image of the appeal Property in that it comprised a two-storey office building, a warehouse (though superior as it had an eaves height of 7.5 m throughout) and a large yard with a canopied area. That property though demolished was still on the rating list at the time the appeal Property was valued. The main office and warehouse space of that property had been valued at €75 m².

8.4 The second comparison was the former industrial storage unit that had been demolished to make way for the construction of the appeal Property. It too was still on the rating list at the time the appeal Property was valued. This property was of inferior quality and had no office content. The third property comprises several industrial warehouse units with small offices to the front ranging in size from 300 m² and 635 m² located in Portside Business Park on East Wall Road which are valued between €11,490 and €25,400. The fourth comparison is a property on East Road, the closest of the Appellant's comparable properties in terms of distance to the appeal Property. That property is a basic storage unit with a two-storey office building to the front.

8.5 Mr Algar did not accept that the appeal Property could have a similar value to the properties relied upon by Mr O'Brien. He could see no comparison between the location of the appeal Property and its former location. Whilst the location of the Property was a key factor in the appeal, in arriving at his valuation, Mr Algar also had specific regard to two other factors, the first of which was the eaves height restriction imposed in respect of the warehouse building due to the residential character of the locality and the second concerned the car parking spaces. He contended that the car parking spaces were nothing more than an

extension of the yard and took issue with the fact that the revision manager have valued the car parking spaces at €500 per space whereas at the Appellant's former location in Cardiff Lane the car parking spaces were valued as part of yard at 10% of the warehouse value.

8.6 In responding to questions put to him by Mr O'Brien, Mr Alger did not accept that traffic was a contributory factor in the Appellant's decision to relocate the sorting office to East Wall. He pointed out that another sorting office served East Wall. He was unable to confirm that his second comparable property on East Road had a single skin asbestos roof but readily accepted that it was of inferior quality in comparison to the appeal Property. He acknowledged that the units in the Portside Business Park had no yard space and that they were built approximately 20 years ago but pointed out they were built in a relatively modern style. He also accepted that the fourth comparable property on East Road is built on a congested site and he conceded that the property was older and of poorer quality than the appeal property.

9. THE RESPONDENT'S EVIDENCE

9.1 Mr O'Brien considered the Appellant's new location at the junction of Ravensdale Road and East Road to be a in a marginally better location than Cardiff Road, having the advantage of superior access to the M50 and the Port Tunnel.

9.2 Mr O'Brien referred to his four comparison properties which, he said, fully supported his figures for the appeal Property as they are situate in the same rating authority area and, in his view, shared similar characteristics with the appeal Property. Like Mr Algar, his first comparable was the Appellant's former sorting office on Cardiff Road where the main office and warehouse space had been value of €75.00 per m². In terms of size and layout he considered this property to be the most helpful comparison.

9.3 The Respondent's second comparison property comprised a sorting office and yard on Inverness Road, Dublin 3. The sorting office has a total area of 674.90 m² and the yard area measures 459 m² so is significantly smaller than the appeal Property. The eaves height of

the sorting office portion of the property is 5.40 metres. The sorting office was assessed at €60 per m² and the yard at €6 per m².

- 9.4 The third comparison is an outdated building on Amiens Street, Dublin 1 formerly occupied by the Appellant and has no yard. The sorting office and offices are smaller than those in the appeal Property and were respectively assessed at €70 per m² and €35 per m².
- 9.5 The fourth comparison is another old building at St. James Gate, Dublin that was formerly occupied by the Appellant and which comprised a sorting office, offices, store and yard. The sorting office had a total area of 434 m², the offices measured 30 m², the store measured 38 m² and the yards measured 554 m² and so were all significantly smaller than the appeal Property. The sorting office and offices were assessed at €70 per m² and the yard at €7 per m².
- 9.6 Finally, Mr O'Brien pointed to the value of €800 per space applied in respect of the car parking spaces of an office building on East Wall Road.
- 9.7 Mr O'Brien stated that contrary to the Appellant's assertions, the Property is situated in a good location. It is a modern purpose-built building which was built to the Appellant's high specifications which included gated entrances, public reception area and acoustic screens and that many of these features set the Property apart from the normal industrial buildings in East Wall. The yard has 47 car parking spaces for staff in a secure yard, 26 of which are covered by a canopy and in his view a higher value had to be attributed to that canopied area.
- 9.8 Mr O'Brien pointed out that nearly all the comparables cited by the Appellant were built some 20 to 30 years ago and concluded by saying that the comparable evidence clearly showed that the assessment of €75 per m² for the sorting office and the front offices of the appeal Property and €7.50 per m² for the yard was fair and equitable. Mr O'Brien therefore sought confirmation of the valuation of €243,000 (rounded) and dismissal of the appeal.

9.9 In responding to questions put to him by Mr Alger, he stated that East Wall was a better location than Cardiff Road for an industrial unit because of the ease of access to the road network. He pointed out that the design specifications of the sorting office were far superior to standard industrial units and for that reason would command a higher rent. He confirmed that all 47 of the car parking spaces had been valued at the same level. Mr O'Brien accepted that his third and fourth comparisons were outdated buildings but stated that he considered the similarities of their use as sorting offices as useful and relevant guidance to the value of the appeal Property. He also accepted that warehouses with car parking spaces are not normally valued in the same manner as car spaces attached to office buildings.

10. Discussion and Findings

10.1 The Tribunal has examined the particulars of the Property and considered the written and oral evidence adduced by Mr Alger on behalf of the Appellant, who contended for a net annual value of €148,000, and that of Mr O'Brien on behalf of the Respondent who sought confirmation of the revision manager's determination of €243,000 as fair and equitable.

10.2 The appeal Property is a modern, purpose built industrial premises constructed in 2016 in a predominantly residential area approximately 2.4 km from the city centre. Much of Mr O'Brien's evidence concentrated on the assumption that the Property was constructed on a design and build basis in a location proximate to major road transport infrastructure to suit the Appellant's requirements. However, there is one significant physical difference in the warehouse of the appeal Property compared with the former warehouse at Cardiff Road. The maximum height of the warehouse at 6.5 metres is low in comparison to modern standards and the warehouse eaves height falls significantly to a mere 3.26 metres. Mr Alger gave uncontested evidence that these height restrictions were imposed because the planning authority considered such heights desirable in the interests of residential amenity. In this one respect, it is doubtful that the eaves height of the warehouse constructed significantly below that expected by the market was the initial design specification. In the Tribunal's view this limited height represents a serious disadvantage given that most

modern warehouses have an eaves height significantly higher than 6.5 metres throughout. To that extent the appeal Property might be less appealing to potential tenants.

- 10.3 As to the properties offered by the Respondent as comparators, the Tribunal does not accept that the former sorting offices at St Amiens Street and St James Gate are properties comparable to the appeal property. Those buildings are much older, much smaller in size and no longer used as sorting offices. In addition, the Amiens Street property has no yard space.
- 10.4 The Tribunal finds the Respondent's second comparator on Inverness Road helpful as it is a modern building in use as a sorting office and is located not too distant from the appeal Property in the East Wall area.
- 10.5 The property formerly occupied by the Appellant at Cardiff Lane was cited as the first comparator by both parties. The evidence established that no value was attributed to the car parking spaces in the yard of that property. The yard in the Respondent's first comparison property was valued at a rate of 10% of the warehouse (sorting office) value. Mr O'Brien was unable explain the difference in the position adopted by the Respondent in valuing the yard of the appeal Property. The only difference between the yard of Cardiff Lane and the yard of the appeal Property related to the fact that 26 of the 47 car parking spaces in the yard of the appeal Property were under a canopy. Mr Algar gave evidence which was not disputed that this canopy was another planning requirement to protect residential amenity of properties in the area.
- 10.6 As to the other properties offered by the Appellant as comparisons, the Tribunal considers the second comparison on East Road to be a dated building of basic construction with low eaves height of between 3 and 5 metres. It is used for storage purposes only and has no office content. Accordingly, the Tribunal attaches little weight to it.
- 10.7 The industrial units in the Portside Business Park are of some assistance given that they comprise two storey modern office accommodation at the front and warehouse

accommodation to the rear and are situated in East Wall. These units have and a shared access, no rear yard and limited parking to the front of each unit but the quality of the construction supports an increase in the base level for industrial units in the East Wall area.

- 10.8 The Appellant's fourth comparison on East Road, unlike the appeal Property, is of basic construction and completely covers the whole site. Despite being an inferior building, this property sets the base level of €38 per m² for industrial units in the East Wall area.
- 10.9 The Tribunal accepts that the former warehouses and offices of the property at Cardiff Lane valued at €75 per m² were in a better location than the appeal Property.
- 10.10 In the Tribunal's opinion, the most relevant evidence of industrial value in the East Wall area was provided by the third of the Respondent's comparisons, the sorting office and yard on Inverness Road to which was applied a basic rate of €60 per m². The Tribunal recognises that the appeal property is significantly larger than the Inverness Road property and that it is situate in a somewhat better rental location in East Wall. For these reasons the Tribunal considers that the appeal Property should be valued at €67 per m².
- 10.11 The Tribunal sees no reason to depart from the valuation approach adopted by the Respondent in the valuation of the yard of the comparison property relied upon by both the Appellant and the Respondent and accordingly values the yard space of the appeal Property (inclusive of the 47 car parking spaces) at the same rate of 10% of the sorting office value.

11. DETERMINATION

Accordingly, the Tribunal allows the appeal and decreases the net annual value of the Property as stated in the Valuation Certificate as follows:

LEVEL	USE	AREA M²	RATE NAV/M²	TOTAL NAV
0	Sorting Office	1,646.95	€67	€110,345.65
0	Offices	513.15	€67	€34,381.05
1	Offices	513.15	€67	€34,381.05
0	Canopy around warehouse	306.33	€6.70	€2,052.41
0	Yard	3,519.12	€6.70	€23,578.10

Valuation

€204,738.26

SAY €204,500 (rounded)

And the Tribunal so determines.