

Appeal No: VA17/5/062

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

RAYMOND CONLAN

APPELLANT

AND

COMMISSIONER OF VALUATION

RESPONDENT

In relation to the valuation of

Property No. 1738761, Retail (Warehouse) at Floors 0, 1, 1L Rathangan Demesne, Rathangan, County Kildare.

B E F O R E

John Stewart – FSCSI, FRICS, MCI Arb

Deputy Chairperson

Rory Hanniffy - BL

Member

Donal Madigan – MRICS, MSCSI

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 10TH DAY OF JANUARY, 2019.**

1. THE APPEAL

1.1 By Notice of Appeal received on the 3rd day of October, 2017 the Appellant appealed against the determination of the Respondent pursuant to which the net annual value ‘(the NAV’) of the above relevant Property was fixed in the sum of €279,000.

1.2 The Grounds of Appeal are fully set out in the Notice of Appeal. Briefly stated they are as follows:

The revaluation value is 2.5 times higher than the previous value.

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €104,000.

2. REVALUATION HISTORY

2.1 On the 10th day of March, 2017 a copy of a valuation certificate proposed to be issued under section 24(1) of the Valuation Act 2001 (“the Act”) in relation to the Property was sent to the Appellant indicating a valuation of €328,000.

2.2 Being dissatisfied with the valuation proposed, representations were made to the valuation manager in relation to the valuation. Following consideration of those representations, the valuation of the Property was reduced to €279,000.

2.3 A Final Valuation Certificate issued on the 7th day of September, 2017 stating a valuation of €279,000.

2.4 The date by reference to which the value of the property, the subject of this appeal, was determined is the 30th day of October, 2015.

3. THE HEARING

3.1 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 19th day of September, 2018. At the hearing the Appellant was represented by Mr Derek Whyte, Cert Tech Eng. BEng, MSc Spatial Planning, MIEI, MIPI and the Respondent was represented by Ms Ciara Marron, MSc, BSc, MSCSI, RICS, District Valuer of the Valuation Office.

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

3.3 Prior to the hearing the parties had been requested to agree the floor areas of the various components of the property as there were remaining discrepancies in this regard. The written evidence of the Appellant’s representative was accordingly adjusted to reflect the acceptance of the Respondent’s areas in this regard.

4. FACTS

From the evidence adduced by the parties, the Tribunal finds the following facts:

4.1 The property comprises a purpose-built motor showrooms, workshop, ancillary space and yard, which was erected c. 2004, located on the outskirts of Rathangan;

4.2 Rathangan is located in the west of County Kildare close to the Offaly border with a population of around 2,374 persons (Census 2011);

4.3 The parties have agreed the floor areas which are as follows:

Showrooms	1,063.02m ²
Workshop	1,191.91m ²
Offices	272.21m ²
Store	104.50m ²
Yard	1,635.00m ²

4.4 The property is owner occupied.

5. ISSUES

The only issue in dispute is the quantum of the valuation.

6. RELEVANT STATUTORY PROVISIONS:

6.1 The net annual value of the Property has to be determined in accordance with the provisions of section 48 (1) of the Act which provides as follows:

“The value of a relevant property shall be determined under this Act by estimating the net annual value of the property and the amount so estimated to be the net annual value of the property shall, accordingly, be its value.”

6.2 Section 48(3) of the Act, as amended by section 27 of the Valuation (Amendment) Act 2015, provides for the factors to be taken into account in calculating the net annual value:

“Subject to Section 50, for the purposes of this Act, “net annual value” means, in relation to a property, the rent for which, one year with another, the property might, in its actual state, be reasonably be expected to let from year to year, on the assumption that the probable annual cost of repairs, insurance and other expenses (if any) that would be necessary to maintain the property in that state, and all rates and other taxes in respect of the property, are borne by the tenant.”

7. APPELLANT'S CASE

7.1 Mr. Whyte, for the Appellant, originally submitted a valuation of NAV €133,000 but following an agreement of floor areas, this became adjusted to a valuation of €156,500 which is calculated as follows:

Showrooms	1,063.02m ² @ €75.00 per m ²	€79,726.50
Workshop	1,191.91m ² @ €38.50 per m ²	€45,888.54
Offices	272.21m ² @ €55.00 per m ²	€14,971.55
Store	104.50m ² @ €35.00 per m ²	€3,657.50
Yard	1,635.00m ² @ €7.50 per m ²	€12,262.50
	Total:	€156,506.59 say, €156,500

7.2 In support of his valuation Mr. Whyte submitted comparable assessments as set out in Section A of the Appendix to this decision.

7.3 Mr. Whyte's case had originally been based on two elements-namely, floor areas being incorrect and the rate of unit values applied to each component part of the valuation. The floor areas issue was agreed at the Tribunal hearing and so this element is no longer in dispute.

7.4 The remaining basis of Mr. Whyte's case is, inter alia, and in summary, that:

(a) Rathangan is a small rural town in West Kildare without the characteristics of a destination type location or affluent town;

(b) By reference to the Kildare County Development Plan he cites the classification of the town, in terms of retail hierarchy, as a Tier 1 Level 4 town grouped for classification purposes with Castledermot, Prosperous and Sallins as distinct from Level 3 towns such as Athy, Celbridge, Maynooth, Kilcock, Clane, Kilcullen & Kildare town or Level 2 towns such as Naas, Newbridge or Leixlip. Valuation by reference to comparable properties in higher Level towns is inappropriate, in his view.

(c) The existing development is unique in Rathangan and is effectively an oversized car showroom for such a location as this town.

(d) The existing property evolved over the years having been the extension to a previous historic holding on the site dating back to 1965 and which was redeveloped in 2004.

(e) The lack of passing trade and profile are borne out by the failure of both BMW and Land Rover to back the operator's dealership at this location with their respective brands. The appellant has secured a smaller dealership through Peugeot, , and was reluctant to part with this property and incur redundancies etc because of his long held personal ties with the town.

(f) The town exhibits a quiet streetscape with many vacancies, following several business closures in recent years, and the property itself is not fully utilised.

(g) Mr. Whyte referred to the fact that the Respondent had relied on comparisons with Naas and he indicated in his oral evidence to the Tribunal that, in terms of passing traffic, Rathangan had only 1,800 vehicles per day compared to Naas which had 14,090 vehicles per day.

7.5 Mr. Whyte compares and contrasts the unit values applied to Level 2 towns and to those of Level 3 and below Level 3 towns, and this gives the following matrix of unit € values per square metre:

Use	Level 3 & below per m ²	Level 2 per m ²	Average per m ²
Showrooms	€37.55	€110.00	€73.775
Workshops	€24.50	€52.50	€38.50
Office	€ 15.30	€95.60	€55.45
Stores	€26.60	€45.00	€35.80
Yard	€5.30	€9.25	€7.275

He then applies these average unit value rates per square metre (with some rounding off) to the subject areas of the property to justify his valuation set out in 7.1 above.

7.6 During cross examination Mr Whyte agreed that the unit had cost approx. €1,300/M² when it was rebuilt c. 2004 and that it was effectively purpose built. He did not agree that it was comparable to values for Naas and he agreed that Edenderry was in Offaly and outside the rating area. He agreed that he had provided no rental evidence but stated that buildings such as this were very difficult to rent due to its location. He confirmed his opinion of value as follows:

Description	Floor area M ²	Rate/M ²	€
Showroom	1063.02	€75.00	€79,726.50
Workshop	1191.91	€38.50	€45,888.53
Offices	272.12	€55.00	€14,966,60
Stores	104.50	€35.00	€3,657.50
Yard	1635	€7.50	€12,262.50
			€156,501.63

Say €156,500.

8. RESPONDENT'S CASE

8.1 Ms. Marron, for the Respondent, who had originally contended for a valuation of € 278,400, which was then adjusted following a review of floor areas, and she submitted a valuation, at the hearing, of €195,200 which she calculated as follows:

Showrooms	1,063.02m ² @	€100.00 per m ²	€106,302.00
Workshop	1,191.91m ² @	€35.00 per m ²	€41,716.85
Offices	272.21m ² @	€100.00 per m ²	€27,221.00
Store	104.50m ² @	€35.00 per m ²	€3,657.50
Yard	1,635.00m ² @	€10.00 per m ²	€16,350.00
		Total:	€195,247.35 say, €195,200.

8.2 In support of her valuation, Ms. Marron submitted the comparables listed in Section B of the Appendix to this decision.

8.3 Ms. Marron submitted that there were three key rental transactions in support of the tone of unit values adopted although acknowledged that there were none in the vicinity of the subject property. Two of the three key rental transactions had been subject to further consideration at representation stage and none had appeals made to the Tribunal. These three rental transactions devalued to indicate unit values overall of between € 103.50-€126 per m². They were respectively located in Carton Park Maynooth and two were in the Globe Retail Park Naas.

8.4 Ms. Marron confirmed that there were 16 motor showroom in this region of Kildare valued in the range of NAV €100- €132 per m². She provided examples of five and she confirmed that in her opinion the subject property had been valued in line with this sample.

8.5. Ms. Marron submitted that the property had been redeveloped in 2004 at a cost of c. € 1.8m and is purpose built to a high standard specification.

8.6 M/s Marron confirmed that no rental comparables had been submitted to her for consideration by the Appellant.

8.7 During cross examination Ms Marron confirmed that there were no direct rental comparisons which she agreed was less than ideal. She stated that the subject was valued in line within the established range €100/€135 per M². She agreed that Naas and Newbridge have much larger populations but argued that not all the ample was based in these locations.

8.8 Both parties provided short summaries and requested that the Tribunal should find in line with their submissions.

9. SUBMISSIONS

9.1 There were no legal submissions in this case.

10. FINDINGS AND CONCLUSIONS

10.1 On this appeal the Tribunal has to determine the value of the Property so as to achieve, insofar as is reasonably practical, a valuation that is correct and equitable so that the valuation of the Property as determined by the Tribunal is relative to the value of other comparable properties on the valuation list in the rating authority area of Kildare County Council.

10.2 Both Appellant and Respondent have put forward comprehensive evidence but very different approaches in this case which is of assistance to the Tribunal.

10.3 A significant part of this appeal arose from an incorrect floor area for the showrooms part of the property being adopted in the Valuation List-being originally 1,895.32 m² compared to the revised agreed area of 1,063.02m². This indicates to the Tribunal the importance of early engagement by the parties to agree factual matters such as floor areas early on in the process.

10.4 The Tribunal considers that the tone of values adopted by the Respondent relies on mainly retail warehouse type properties in larger towns in more strategic locations in the County and do not adequately take account of the size and location of Rathangan

10.5 The approach adopted by the Appellant relied on a schedule provided by Kildare County Council which graded the counties towns whereby Leixlip, Naas and Newbridge were classified as Level 2 -Major Town Centres /Twin County Town Centres with Celbridge, Maynooth, Kilcock, Athy, Kildare, Clane, Kilcullen and Monasterevin classified as Level 3- Town Centres/Sub County Town Centres/Town Centres whereas Rathangan was grouped with Straffan, Sallins, Castledermot, Prosperous and other villages at Level 4. The appellants also provided a rental matrix which showed that rates per square metre for level 2 & 3 towns was substantially higher than those that applied to level 4/5 towns. They extrapolated from this table that level 2 rates per square metre were considerably higher than those that applies to level 3 and below (see 7.5 above).

10.6 The Tribunal considers that although the subject property is a highly specified unit, it might be classified as oversized for the town of Rathangan.

10.7 The Tribunal considers that adequate allowance must be made in the valuation for the relatively remote location of this town relative to the comparable locations and the fact that the unit is large for a town of this size.

DETERMINATION:

Accordingly, for the above reasons, the Tribunal allows the appeal and decreases the valuation of the Property as stated in the valuation certificate to **€166,000**.

This is calculated as follows:

Showrooms	1,063.02m ² @ €80.00 per m ²	€85,041.60
Workshop	1,191.91m ² @ €35.00 per m ²	€41,716.85
Offices	272.21m ² @ €80.00 per m ²	€21,776.80

Store	104.50m ² @ €35.00 per m ²	€3,657.50
Yard	1,635.00m ² @ €8.50 per m ²	€13,897.50
	Total:	€166,090.25 say, €166,000.

And the Tribunal so determines.