

Appeal No: VA17/5/487

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

MICHAEL COONEY & SONS LTD

APPELLANT

AND

COMMISSIONER OF VALUATION

RESPONDENT

In relation to the valuation of

Property No. 107637, Industrial Uses at 17a, Teevnacreeve, Buckhill, Castlerea, County Roscommon.

B E F O R E

Barry Smyth – FRICS, FSCSI, MCI Arb

Deputy Chairperson

Orla Coyne - Solicitor

Member

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

Member

**JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 9TH DAY OF JANUARY, 2019.**

1. THE APPEAL

1.1 By Notice of Appeal received on the 11th 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 €114,500.

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

- The property is unique and is not easily comparable to other properties in similar use in Roscommon.
- The NAV applied to the property is excessive and inequitable.

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €62,700.

2. REVALUATION HISTORY

2.1 On the 12th day of January, 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 €114,500.

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 manager did it not consider it appropriate to provide for a lower valuation.

2.3 A Final Valuation Certificate issued on the 7th day of September, 2017 stating a valuation of €114,500.

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 3rd day of December, 2018. At the hearing the Appellant was represented by the Mr Andrew Carberry MSCSI, MRICS of Power Property and the Respondent was represented by Ms Rita Harris BSc (Hons) Property Studies 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 précis as his evidence-in-chief in addition to giving oral evidence.

4. FACTS

4.1 From the evidence adduced by the parties, the Tribunal finds the following facts.

4.2 The property is located in the rural townland of Teenacreeva, midway between Frenchpark and Ballaghaderreen Co. Roscommon, some 450 metres south of the N5 (Galway/Longford

Road). The property is some 6 km east of Ballaghaderreen and 15 km north of Castlerea in a mainly agricultural area with no other commercial users nearby.

4.3 The subject property is a long established hardware store and builders providers with shop/showroom to the front and extensive warehouse and stores to the rear. The structures are dated, going back to the 1920's and have been added- on piecemeal over the years.

4.4 The retail warehouse is a former barn with corrugated metal barrelled roof fitted out for retail use. To the rear there are three large metal-built sheds dating from the 1950's with concrete floors, steel columns and metal or timber roof trusses with corrugated metal roofs. There is an extensive open sided timber store of unusual construction with a corrugated metal roof.

4.5 There is one large warehouse constructed within the last 10 years of modern construction with part concrete and part corrugated metal cladding walls and roof.

4.6 The office accommodation is on two levels with reception, staff canteen and toilets on the ground floor and additional offices overhead.

4.7 The accommodation has been agreed between the parties

Offices	Ground Floor	169 sq.m.
Offices	First Floor	169 sq.m.
Retail warehouse		333 sq.m.
Open stores		3,378 sq.m.
Warehouse		4,063 sq.m.
Yard		2,000 sq.m.

4.8 The property is owner-occupied and held freehold.

5. ISSUES

5.1 The matter at issue is quantum.

5.2 The Appellant claims that the valuation is excessive and unequitable and is seeking a reduction in the NAV to €76,600.

5.3 The Respondent states that the valuation as amended at Tribunal stage to €107,900 is in line with the tone of the list for County Roscommon and requests the Tribunal to affirm same in accordance with the Valuation Acts.

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.Carberry for the Appellant amended his precis and adopted same as his evidence in chief and went on to comment on the uniqueness of the subject property. He stated that the valuation €114,500 or as amended at Tribunal stage to €107,900 did not take into consideration the differences between the subject and the comparisons offered by the Commissioner and the remoteness of the location. He said the valuation was excessive and unreasonable and had no regard for the tone of the list.

7.2 He commented on the nature, construction and age of the buildings and stated that when the Commissioner had used the lowest possible rental rate of €17 /square metre to arrive at the

valuation figure, they did not fully take into consideration the difficulties associated with the buildings, location and rural aspect of the property. He referred to another Tribunal case VA17/5/116 in which the Tribunal had ruled on a property that “ are basic structures in poor condition after a lifetime of industrial use and nearing the end of their useful life”.

7.3 Mr. Carberry also stated the the property was no longer on a main road and had been by-passed in recent years by the Ballaghaderreen By Pass. He also advised that the area was a broadband blackspot and that this fact alone would make it difficult to find a hypothetical tenant.

7.4 To support his case Mr. Carberry introduced one market transaction (Appendix 1) and three NAV comparisons.

Rental Transaction:

1. Ballyhaunis Co. Roscommon.

Modern purpose-built warehouse, 557 sq.m. let in shell condition.

3 year lease from June 2014 @ €10,000pa = €17.95/sq.m.

NAV Comparisons:

1. PN 123569 Castlecoote Stores, Castlecoote, Co. Roscommon

Agri-supplies and general hardware store.

Offices Ground and first floor 131.76 sq.m. @ €12 /sq.m. = €1,581.12

Stores (1) 994 sq.m. @ €12 /sq.m. = €11,928.00

Stores (2) 1,19.47 sq.m. @ €4.80 /sq.m. = €5,373.46

Weighbridge €1,900.00

Mezz Store 76.20 /sq.m. @ €2.40 /sq.m. = €182.88

NAV €20,900

2. PN 116874 Murrays Joinery, Athleague, Co. Roscommon.

Old joinery building. Valuation Tribunal determination VA 17/5/116.

Stores 78.87 sq.m. @ €10 /sq.m. = €788.70

Factory 645.31 sq.m. @ €10 /sq.m. = €6,453.10

Stores 178.60 sq.m. @ €5 /sq.m. = €893.00

Mezz Store 135.41 sq.m. @ €2 /sq.m. = €270.82

NAV €8,400

3. PN 664848 Showroom and Warehouse, Boyle, Co. Roscommon. **

Showroom	815 sq.m.	@ €20.40 /sq.m.	=	€16,626.00
Warehouse	1,824 sq.m.	@ €17 /sq.m.	=	€31,008.00
Mezz Store	407 sq.m.	@ €3.40 /sq.m.	=	€1,383.00
Yard	4,000 sq.m.	@ €1.70 /sq.m.	=	<u>€6,800.00</u>

NAV €55,800

7.5 To further support his case Mr. Carberry gave details of three additional properties which were smaller, modern superior buildings, in better locations which had NAV's assessed @ €20 /sq.m. that in no way compared fairly with the subject property.

1. PN 101828 Madden's, Main Street, Ballaghaderreen, Co. Roscommon.
2. PN 102280 Thompson Butler's Steel, Ballina Road, Ballaghaderreen, Co. Roscommon.
3. PN 109956 Homeland Agri Store, Castlerea, Co. Roscommon.

7.6 Mr. Carberry concluded by stating that it would be very difficult to attract a hypothetical tenant to the subject property at a rent of 85% of superior buildings and that a far larger discount should be considered. He was of the opinion that the NAV of the property should be €76,600.

8. RESPONDENT'S CASE

8.1 Ms Harris for the Respondent also amended her precis and adopted the revised copy as her evidence in chief and contended for an NAV of €107,900

8.2 The floor areas, accommodation and title were agreed and confirmed.

8.3 Ms. Harris commented on the lack of market evidence and stated that the Commissioner had established the Net Effective Rent (NER) for similar groups of properties at €20 /sq.m. and in this case she had adopted a rate of €17/ sq.m. as the lowest available in that relevant group.

8.4 To support her case Ms. Harris provided three key rental transactions (Appendix 2) and three NAV comparisons .

Rental Transactions:

1. Boggafin, Athlone, Co. Roscommon.

Industrial showroom, 280.28 sq.m. let on a year to year basis from 2016 at €13,000 pa

NER €11,713 = €41.79/sq.m

NAV €6,720 = €24/sq.m

2. Ballaghaderreen, Co. Roscommon.

Modern warehouse building, 1,228.02 sq.m. let on year to year basis from 1/1/2012 at €29,760

pa = €24.23/sq.m.

NAV €24,500 = €20/sq.m

3. Cloonybeirne, Co. Roscommon.

Industrial showroom 201.06 sq.m. on edge of Roscommon town (N63).

4 year 8 month lease from 1/03/2016 at NER €7088.12 pa = €32.40 on ground floor.

NAV €6,890

Showroom @ €36/sq.m.

Warehouse/offices @ €30/sq.m.

Mezz @ €6/sq.m.

NAV Comparisons:

1. PN 102280 Thompson Butler Steel Ltd. Ballaghaderreen, Co. Roscommon.

Large steel warehousing facility.

*Showroom	345.20 sq.m.	@ €24 /sq.m.	=	€8,284.80
Office	213.01 sq.m.	@ €20 /sq.m.	=	€4,260.20
Warehouse	7,611.90 sq.m.	@ €20 /sq.m.	=	€152,238.00
Workshop	260.48 sq.m.	@ €20 /sq.m.	=	€5,209.60
Store	77.44 sq.m.	@ €20 /sq.m.	=	€1,548.80
Open Store	38.57 sq.m.	@ €8 /sq.m.	=	€308.56
Mezz Store	116.15 sq.m.	@ €4 /sq.m.	=	€464.60
Yard(1)	1,982.00 sq.m.	@ €2 /sq.m.	=	€3,964.00
Yard (2)	1,820.00 sq.m.	@ €2 /sq.m.	=	<u>€3,640.00</u>

NAV €179,900

* Industrial rate PLUS 20%

**Comparison also referred to by Appellent

2. PN 102292 Aurivo Co-op, Market Street, Ballaghaderreen, Co. Roscommon.

Showroom, stores, yard and silos (plant).

Showroom	502.25 sq.m.	@ €36 /sq.m.	=	€18,081.00
Store	252.96 sq.m.	@ €30 /sq.m.	=	€7,588.80
Open Stores	771.52 sq.m.	@ €12 /sq.m.	=	€9,258.24
Mezz Stores	23.80 sq.m.	@ €6 /sq.m.	=	€143.10
Yard	2,720 sq.m.	@ €3 /sq.m.	=	€8,160.00
Plant				<u>€1,190.65</u>

NAV €44,400

3. PN 109956 Aurivo Co-op, Ram Park, Tulsk Road, Castlerea, Co. Roscommon.

Showroom, stores and office premises.

Showroom	241.4 sq.m.	@ €24 /sq.m.	=	€5,793.60
Office	94.50 sq.m.	@ €20 /sq.m.	=	€1,890.00
Store	665.10 sq.m.	@ €20 /sq.m.	=	€13,302.00
Mezz Stores	279.50 sq.m.	@ €4 /sq.m.	=	<u>€1,118.00</u>

NAV €23,100

8.5 In summary Ms. Harris stated that location for industrial units need not be in a town centre to be considered comparable and no evidence was provided to suggest rural rents were lesser than urban. She had reduced the rate applied to the tone of the list to make allowances for location and age of the structures and considered €17 /sq.m. fair and equitable.

9. SUBMISSIONS

9.1 There were no legal submissions.

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 County Roscommon..

10.2 The Tribunal has examined the particulars of the property and considered the written and oral evidence adduced by Mr. Carberry on behalf of the Appellant who contended for a revised

NAV €76,600 and Ms. Harris on behalf of the Respondent who contended for a NAV of €107,900 at Tribunal stage.

10.3 The Tribunal noted the location of the subject property, it's isolated and rural position and also that it has been recently by passed. The layout and unique construction of the various buildings was also noted.

10.4 Both parties commented on the shortage of comparable market evidence in this case which in itself has been taken into consideration by the Tribunal.

10.5 The Tribunal noted the reference to a previous Tribunal case VA 17/5/116 and the remarks therein on aged building construction and economic lifespan of buildings.

10.6 The market rental evidence particularly by the Respondent was of limited value to the Tribunal. The Appellants one and only comparison also only highlighted the difference between market rentals and tone of the list values.

10.7 The NAV evidence gave a broader picture of values in Co. Roscommon and Mr. Carberry's first comparison (Castlecoote Stores) and Ms. Harris's second (Aurvio Co-op) were of much assistance to the Tribunal.

10.8 The adoption of a generic rate across the entire county with widely differing geographical and infrastructural characteristics should be tempered with consideration to take into account population and economic sustainability.

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 **€81,400**

Calculated as follows;

Ground floor Offices	169 sq.m.	@	€12 / sq.m.	=	€2,028
First floor Offices	169 sq.m.	@	€12 / sq.m.	=	€2,028
Warehouse	4,063 sq.m.	@	€13 /sq.m.	=	€52,819

Open Stores	3,378 sq.m.	@	€5 /sq.m.	=	€16,895
Retail warehouse	333 sq.m.	@	€17 /sq.m.	=	€5,661
Yard	2,000 sq.m.	@	€1 /sq.m.	=	<u>€2,000</u>

TOTAL €81,431

NAV €81,400

And the Tribunal so determines.