

Appeal No. VA14/5/328

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

**State Street International (Ireland) Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

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

Property No. 791037, Office(s) at 78 Sir John Rogerson's Quay, County Borough of Dublin.

**JUDGMENT OF THE VALUATION TRIBUNAL  
ISSUED ON THE 2<sup>ND</sup> DAY OF AUGUST, 2016**

**B E F O R E:**

**Barry Smyth – FRICS, FSCSI, MCI Arb**

**Deputy Chairperson**

**Michael Lyng - Valuer**

**Member**

**Carol O'Farrell - BL**

**Member**

By Notice of Appeal received on the 4<sup>th</sup> day of September, 2014 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a net annual value of €4,268,000 on the above described relevant property on the grounds as set out in the Notice of Appeal as follows:

*“The Valuation [sic] is excessive, unfair and inequitable.”*

*“The Valuation [sic] is incorrect based on valuation levels applied.”*

*“The Valuation [sic] incorrect as all relevant factors affecting the NAV have not been taken into consideration.”*

The Appellant proposed a Net Annual Valuation of €2,040,000

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,

## **DETERMINES**

That the net annual value of the subject property be as set out below:

€3,440,000      Decrease

### **The reasoning being**

- 1** While the parties were ad idem in their description of the building, its net floor area and number of car spaces, they were at variance as to the general stage of redevelopment in the location and its status at the valuation date of 7<sup>th</sup> April, 2011, in comparison with other locations in the South Docks area.
- 2** The Appellant's opinion of the basic rent per square metre to be applied to the office accommodation was €180.00 per m<sup>2</sup> plus €2,500 per car space. The Appellant reduced the resultant sum of these figures by 10% for the quantum of the building, 15% for building issues particularly the problem with the glazing on the façade and 10% for the precise location of the building in a largely undeveloped area.
- 3** The Respondent's opinion of the rate to be applied to the accommodation was €260 per m<sup>2</sup> per and €2,500 per car space. The Respondent stated that there was no established practice for quantum reduction, that the glass façade was being repaired by the Landlord and that the location was now again being redeveloped and is in close proximity to other similar buildings assessed and agreed at €260/m<sup>2</sup>
- 4** The parties were agreed that both the original rent which was agreed in December 2007, with the lease commencing in August 2009 nor the abated rent agreed

pursuant to the Deed of Variation and payable from 1<sup>st</sup> January 2013, were sound bases from which to calculate the NER at the 7<sup>th</sup> April 2011, the valuation date.

- 5 There are thus four areas for the Tribunal to consider, namely the appropriate rate per m<sup>2</sup> and whether or not there should be reductions on that to reflect quantum, the issues with the glazed façade and the location factors.
- 6 The headline rents offered as comparisons varied from two at €242 per m<sup>2</sup> to €249 per m<sup>2</sup> to €280 per m<sup>2</sup> to €385 per m<sup>2</sup> with car parking at a consistent €2,500 per space. The net effective rents varied from €163 to €184 to €186 to €192 to €228 to €304 per m<sup>2</sup> with again car parking at 2,500 per space.

The Respondent's informers indicated net effective rents at the valuation date having being indexed from the date of agreement to the valuation date and making other appropriate adjustments of €225 to €292 to €300.00 to €319 to €408 per m<sup>2</sup>.

The Respondents comparisons of NAVs were a consistent €260/m<sup>2</sup> and €2,500 per car space.

- 7 There is an emerging tone of the list at the Western end of the South Docks area of €260 per m<sup>2</sup> and €2,500 per car space and of €240 per m<sup>2</sup> in the IFSC. However, many of the properties at the Eastern end at the South Docks area are under appeal to the Tribunal and therefore there is no established or emerging tone of the list in this location.
- 8 The evidence offered in relation to a quantum reduction was scant. It was stated by the Appellant that in Dell Computers in Cherrywood, property number 2180477, a 5% quantum discount applied and in AIB, Merrion Road, property number 786926, a 10% discount applied. It was also stated that in the ESB offices in Fitzwilliam Street, a quantum discount of 10% had been applied. However, there was no information as to the size of these properties. The Respondent indicated from the variation in size of his comparisons, that no quantum reduction applied to net annual value.

- 9 It is not disputed that there is a problem with the glazing of the façade. This must be considered as the tenant's liability under Section 48 (3) of the Valuation Act 2001, irrespective of the lease terms, whatever they may be. This is both a liability for a known problem and a nuisance an occupier would not want and would be a factor in their consideration of the property and the rent they might offer.
- 10 A previous valuation Tribunal judgement in relation to this property VA 11/3/013 acknowledged its adverse locational factors. That hearing was in November 2011 and the respondent acknowledged the adverse locational issues at that time. As the valuation date in this subject case is the 7<sup>th</sup> April 2011, i.e. some 7 months prior the previous hearing it is appropriate that the adverse location of factors be again reflected in the NAV.
- 11 The use of percentage reductions or indeed increases on a base rent to reflect variations in a property from its comparators, while an attractive or convenient proposition, is problematic unless such percentages can be supported by market comparisons. The Tribunal is reluctant to utilise such percentage reductions, albeit that it acknowledges that it is appropriate that in the subject case that the three areas contended for by the Appellant namely quantum, building issues, i.e. the glazing and locational disadvantage should be reflected in the valuation.

The Tribunal thus determines the NAV of this property as follows:

15,073 m <sup>2</sup> @ €205 per m <sup>2</sup>	= €3,089,965.00
Car parking spaces at €2,500 each	= € 350,000.00
<b>Total</b>	= €3,439,965.00 say €3,440,000.00