

**Appeal No: VA18/1/0016**

**AN BINSE LUACHÁLA  
VALUATION TRIBUNAL**

**NA hACHTANNA LUACHÁLA, 2001 - 2015  
VALUATION ACTS, 2001 - 2015**

**EMMA KYLE**

**APPELLANT**

**AND**

**COMMISSIONER OF VALUATION**

**RESPONDENT**

**In relation to the valuation of**

Property No. 5010771, Pharmaceutical at West Pharmaceutical Services Inc, Carrickpherish Road, Waterford, County Waterford.

**B E F O R E**

**John Stewart – FSCSI, FRICS, MCI Arb**

**Deputy Chairperson**

**Fergus Keogh – MSCSI, MRICS**

**Member**

**Michael Brennan – BL, MSCSI**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL  
ISSUED ON THE 5<sup>TH</sup> DAY OF FEBRUARY, 2020**

**1. THE APPEAL**

1.1 By Notice of Appeal received on the 12<sup>th</sup> day of February, 2018 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 €1,650,000.

1.2 The sole ground of appeal as set out in the Notice of Appeal is that the determination of the valuation of the Property is not a determination that accords with that required to be achieved by section 28(4) of the Act because:

*“The Valuation is inequitable in that the rate psm [sic] applied to the various areas is not consistent with actual use of these areas over the various levels.”*

1.3 The Appellant considers that the valuation of the Property ought to have been determined in the sum of €1,080,000.

## **2. VALUATION HISTORY**

2.1 On the 1<sup>st</sup> day of December, 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 €1,650,000.

2.2 A Final Valuation Certificate issued on the 16<sup>th</sup> day of January, 2018 stating a valuation €1,650,000.

2.3 The relevant date that the subject property is to be valued is 28<sup>th</sup> October 2011.

## **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 3<sup>rd</sup> day of December, 2019. At the hearing the Appellant was represented by Mr. Ger McDonnell MSCSI, MRICS, RICS Registered Valuer of Savills and the Respondent was represented by Mr. John O’Connor 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 subject property comprises a substantial modern purpose built pharmaceutical manufacturing facility located approximately 4 kms west of Waterford City Centre and approximately 3 kms south east of the N25 Waterford City Bypass.

- 4.3 The property comprises a single building extending to approximately 26,000 Sq. M. in total and incorporates manufacturing, warehousing, administration offices, plant rooms and is used for manufacturing rubber / plastic seals found in medical instruments and medicine containers. There is surface car parking and the property occupies site of approximately 40 acres.
- 4.4 This is a large property with the various elements being named and defined by the occupier based on its usage of those areas. A block plan of the property was included in each witness's submission showing the layout of the property as currently used.
- 4.5 Mr. O'Connor for the Respondent advised that he had updated his areas of the property from those used at initial valuation stage, finding that the property was smaller than initially measured. The Parties, having reported to have agreed the areas of the various elements of the property in advance, presented their respective findings in differing manners and following discussion and review it was agreed that the size of the various named elements of the property was as follows:

**Building Area:**

<b>Level</b>	<b>Use</b>	<b>Area Sq. M.</b>
0	Clean Rooms	810
0	Factory	2,107
0	Offices	590
0	Factory / Circulation	1,603
0	Warehouse	1,535
0	Warehouse / Fallow	830
0	Warehouse / Plant	931
1	Factory	182
1	Laboratory	578
1	Offices	1,949
1	Walk on Ceiling	2,152

1	Warehouse / Plant	1,365
2	Clean Rooms	123
2	Factory	2,000
2	Factory / Manufacturing	936
2	Warehouse /Plant	3,933
2	Warehouse / Fallow	660
3	Canopy	600
3	Plant Open	740
3	Plant	251
	Tanks / Boiler / Pipes/ Motive Power	Areas not defined.

## 5. ISSUES

5.1 The issue that arises in this Appeal is the quantum of value.

## 6. RELEVANT STATUTORY PROVISIONS:

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.*

## 7. APPELLANT’S CASE

7.1 Mr. McDonnell on behalf of the Appellant opened his evidence by describing the location and layout of the property using photographs contained in his précis and

advised that in summary the property is a modern manufacturing facility comprising as follows:

- a single building incorporating a two storey manufacturing and warehouse block with an intermediate mezzanine floor,
- a rooftop penthouse plantroom and open plant area,
- a two storey finishing and warehousing block with an intermediate mezzanine floor,
- a three storey technical support and central utility block,
- a three storey central administration and technical services block,
- a single storey goods entrance security building,
- a single storey car-park gate house,
- a single storey materials storage building,
- a single storey pump house,
- an electrical substation and
- two water tanks.

7.2 In his précis, Mr. McDonnell set out his analysis of the current valuation of €1,650,000 of the subject property based on the property's areas which we used at that time and are now known to have been incorrect.

7.3 Mr. McDonnell contended that the subject property had not been valued in accordance with the Tone of the List having regard to values applied to similar properties in similar locations in the vicinity. In support of this assertion Mr. McDonnell submitted information and his analysis of what he considered to be four comparable properties within the Waterford area. Details of these comparisons are set out in **Appendix 1** attached.

7.4 **Comparison No. 1** is a modern facility with a similar use and location. It comprises 13,960.49 Sq. M. incorporating a factory and laboratory of 13,777.51 Sq. M. valued at €40 per Sq. M. with an additional factory area of 182.98 Sq. M. valued at €80 per Sq. M and additional items at €27,587.73 providing a total of €593,000.

**Comparison No. 2** is a modern facility with a similar use and location. It comprises 18,656.50 Sq. M. incorporating three factory areas of 12,770.33 Sq. M., 3,365.69 Sq. M. and 2,590 Sq. M each valued at €45, €70, and €95 per Sq. M. respectively and providing a total of €1,082,000

**Comparison No. 3** is a modern facility with a similar use and location. It comprises 30,285.68 Sq. M. incorporating a factory area of 19,521.49 Sq. M. valued at €42.50 per Sq. M., a factory area and clean rooms of 9,370.65 valued at €80 per Sq. M., additional factory and clean rooms area of 1,025.68 valued at €95 per Sq. M and plant rooms of 367.86 valued at €15 per Sq. M. The clean rooms comprise a mix of lower and higher quality specifications.

**Comparison No. 4** is a modern facility with a similar use and location and is referred to as the most directly comparable due to its specification. It comprises 39,838.25 Sq. M. incorporating a factory area of 27,898.68 Sq. M. valued at €45 per Sq. M., a factory area and Clean Rooms of 7,697.19 valued at €100 per Sq. M., offices of 2,985.58 valued at €70 per Sq. M and plant rooms of 1,256.80 valued at €15 per Sq. M.

Mr. McDonnell commented that he considered this property to be his most relevant comparison in terms of overall similarities to the subject property.

7.5 In response to cross-examination by Mr. O'Connor on behalf of the Respondent Mr. McDonnell acknowledged that he had not inspected the building in his Comparison No. 4 and that he was not aware that internal plant in the property was valued at the same rate as the factory.

In relation to the subject property he accepted that the rates applied to factory, offices and clean rooms areas at €80, €70 and €100 per Sq. M. respectively to be fair and disagreed with the rates of €70, and €45 per Sq. M. applied to the areas termed factory / office quality, warehouse fallow and warehouse plant preferring rates of €45, €30 and €15 per Sq. M. respectively.

In response to further cross-examination debate ensued regarding the values to be applied to circulation corridors and whether they were of office quality as contended

by Mr. O'Connor and to be valued accordingly or whether they were corridors linking two areas and should be valued as such. No agreement was reached on this point.

- 7.6 In summarising his opinion Mr. McDonnell contended that a valuation of €1,002,000 be entered in the Valuation List.

## **8. RESPONDENT'S CASE**

- 8.1 Mr. O'Connor, opened his evidence by describing the location and layout of the property using photographs and block plans contained in his précis and additionally explaining the nature and uses of elements of the property based on their descriptions in his précis.
- 8.2 Mr. O'Connor advised that he had updated his areas of the property from those used at initial valuation stage, finding that the property was smaller than initially measured. He confirmed the basis and analysis of the current valuation of the subject property (as also confirmed by the Appellant) of €1,650,000 was based on incorrect areas and provided analysis of his current opinion of value of the subject property being €1,328,000 based on the updated and revised areas.
- 8.3 Mr. O'Connor contended that the subject property had been valued in accordance with the Tone of the List having regard to values applied to similar properties in similar locations in the vicinity. In support of this argument Mr. McDonnell submitted information and his analysis of what he considered to be five comparable properties within the Waterford area. Details of these comparisons are set out in **Appendix 2** attached.
- 8.4 **Comparison No. 1** is a modern facility located adjacent to and was similar to the subject property. It comprised 34,817.25Sq. M. incorporating two factory areas of 22,895.68 Sq. M., and 7,697.19 Sq. M. and offices of 2,895.58 Sq. M and a plant room of 1,256.80 each valued at €45, €100, €70, and €15 per Sq. M. respectively with additional items totalling €106,485.4.

This comparison is the same as Comparison No. 4 in Mr. McDonnell's précis. Both valuers are in agreement and have analysed its valuation in a similar manner using the

same rates though Mr McDonnell's schedule contains an incorrect factory floor area and consequently an incorrect total though nothing turns on it

**Comparison No. 2** is a modern facility located adjacent to and was similar to the subject property. It comprised 39,733.82 Sq. M. incorporating a factory area of 24,293.38 Sq. M. valued at €42.50 per Sq. M., a factory area and clean rooms of 14,046.90 valued at €80 per Sq. M., an additional factory and clean rooms area of 1,025.68 valued at €95 per Sq. M. and plant rooms of 367.86 valued at €15 per Sq. M. This comparison is the same as Comparison No. 3 in Mr. McDonnell's précis. Both valuers are in agreement and have analysed its valuation in a similar manner using the same rates though Mr McDonnell's schedule contains incorrect factory floor and factory/clean room areas and consequently an incorrect total though nothing turns on it.

**Comparison No. 3** is a modern facility which is similar but inferior to the subject property. It comprises 13,960.40 Sq. M. incorporating a factory and laboratory of 13,777.51 Sq. M. valued at €40 per Sq. M., an additional factory area of 182.98 Sq. M. valued at €80 per Sq. M. and additional items totalling €27,587.73 (which included a plant room of 1,527.61sq. M at €10 per Sq. M) totalling €593,000.

This comparison is the same as Comparison No. 1 in Mr. McDonnell's précis. Both valuers are in agreement and have analysed its valuation in a similar manner.

**Comparison No. 4** is a modern facility which is similar but inferior to the subject property. It comprises 18,656.50 Sq. M. incorporating three factory areas of 12,770.33 Sq. M., 3,365.69 Sq. M. and 2,590 Sq. M. each valued at €45, €70, and €95 per Sq. M. respectively with additional items comprising €29,197.85 (including a plant room of 244.87 at €15 per Sq. M) totalling €1,082,000.

This comparison is the same as Comparison No. 2 in Mr. McDonnell's précis. Both valuers are in agreement and have analysed its valuation in a similar manner.

Mr. O'Connor commented that in his opinion this property is inferior to the subject.

**Comparison No. 5** is a more dated and smaller facility of 8,701.44 Sq. M. incorporating clean rooms of 1,149 Sq. M. valued at €80 per Sq. M., warehouse areas of 4,381.42 Sq. M. valued at €40 per Sq. M., a packing area of 299.53 Sq. M. valued at €60 per Sq. M., a factory area of 304.79 Sq. M. valued at €80 per Sq. M., offices of 826.63 Sq. M. valued at €60 per Sq. M., a plant area of 1,405.80 Sq. M. valued at €20 per Sq. M. a pump house of 142.27 Sq. M valued at €10 Sq. M and a canopy of 192 Sq. M. valued at €10 per Sq. M.

8.5 There was limited cross-examination of Mr. O' Connor by Mr. McDonnell.

8.6 In summarising his opinion Mr. O'Connor contended that a valuation of €1,328,000 be entered in the Valuation List.

## **9. SUBMISSIONS**

9.1 There were no legal submissions.

## **10. FINDINGS AND CONCLUSIONS**

10.1 In 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 Waterford City and County Council.

10.2 The issue that arises in this Appeal is the quantum of value.

10.3 The Tribunal noted the valuation schemes put forward by the representatives of both the Appellant and the Respondent and notes the similarity and agreement in values applied and the analysis undertaken in respect of their common comparisons.

10.4 The Tribunal has also noted the agreement between the parties in relation to the values applied to many elements within the subject property including those applied to:

- clean room areas (€100 per Sq. M.),
- ground floor factory areas (€80 per Sq. M.),
- office areas (€70 per Sq. M.),
- warehouse areas (€45 per Sq. M.),
- laboratory areas (€70 per Sq. M),
- factory & manufacturing areas (€80 per Sq. M.) and
- agreement in relation to values to be applied to plant and motive power areas.

10.5 The Tribunal has noted the main areas of disagreement in values between the parties to be applied to the following areas:

<b>Level</b>	<b>Use</b>	<b>Appellant € rate per Sq. M.</b>	<b>Respondent € rate per Sq. M</b>
0	Factory Office Quality	45	70
0	Warehouse / Fallow	30	45
0	Warehouse /Plant	15	45
1	Factory	45	80
1	Warehouse /Plant	15	45
2	Factory	45	80
2	Warehouse / Plant	15	45
2	Warehouse / Fallow	30	45

10.6 The Tribunal finds that the valuation approach adopted by the Respondent is substantially in keeping with the Tone of the Valuation List in relation to the main elements of the subject property. However, the Tribunal does accept that the appropriate rate to be applied to the warehouse / fallow area at second floor level with an area of 660 Sq. M. is €30 per Sq. M.

**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;

**€1,318,000**

**(One Million Three Hundred and Eighteen Thousand Euro)**

**Analysis of Determination as follows:**

Level	Use	Area Sq. M.	€ Rate per Sq. M.	€ NAV
0	Clean Rooms	810	100	81,000
0	Factory	2,107	80	168,560
0	Offices	590	70	41,300
0	Factory / Circulation	1,603	70	112,210
0	Warehouse	1,535	45	69,075
0	Warehouse / Fallow	830	45	37,350
0	Warehouse / Plant	931	45	41,895
1	Factory	182	80	14,560
1	Laboratory	578	70	40,460
1	Offices	1,949	70	136,430
1	Walk on Ceiling	2,152	15	32,280
1	Warehouse / Plant	1,365	45	61,425
2	Clean Rooms	123	100	12,300
2	Factory	2,000	80	160,000
2	Factory / Manufacturing	936	80	74,880
2	Warehouse /Plant	3,933	45	176,985
2	Warehouse / Fallow	660	30	19,800
3	Canopy	600	6.75	4,050
3	Plant Open	740	5	3,700
3	Plant	251	15	3,765
	Tanks / Boiler / Pipes/ Motive Power	Areas not defined.		26,115
	<b>Total</b>			€1,318,140
	<b>Say,</b>			<b>€1,318,000</b>

And the Tribunal so Determines.