

Appeal No. VA09/1/014 & 015

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

**Tranio Investments Ltd.**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Property No. 2195034, Warehouse/Warerooms, Office(s) at Lot No. Unit 3A/1, (VA09/1/014) and Property No. 2198988, Warehouse/Warerooms at Lot No. 3A/2, (VA09/1/015) Pouladuff Industrial Estate, Lehenagh Beg, Lehenagh, Cork Lower, County Cork.

**B E F O R E**

**Fred Devlin - FSCS.FRICS**

**Deputy Chairperson**

**Michael F. Lyng - Valuer**

**Member**

**Patrick Riney - FSCS FRICS FIAVI**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 4TH DAY OF JUNE, 2009**

By Notices of Appeal dated the 4th day of March, 2009 the appellant appealed against the determination of the Commissioner of Valuation in fixing valuations of €845 (VA09/1/014) and €325 (VA09/1/015) on the above described relevant properties.

The grounds of Appeal as set out in the Notices of Appeal are:

"On the basis that RV as assessed is excessive and inequitable when the establish tone for comparable property is taken into account. The large addition for the mezzanine floor is disproportionate to its worth. The relative value of the entire premises is also over stated in the Commissioner's estimated NAV." (VA09/1/014)

"On the basis that RV as assessed is excessive and inequitable bearing in mind the established tone of the list for comparable property. The subject property is moderate in type with restricted use and value due to the intrusion of numerous pillars which carry the mezzanine floor above." (VA09/1/015)

1. At the mutual request of the parties these two appeals were held contemporaneously in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 5<sup>th</sup> day of May, 2009.
2. At the oral hearing the appellant in each instance was represented by Mr. Eamonn Halpin, BSc (Surveying), MRICS, MIAVI, of Eamonn Halpin and Company Ltd. Mr. Terry Dineen B Agr Sc, a District Valuer in the Valuation Office, appeared on behalf of the respondent, the Commissioner of Valuation.

### **The Properties Concerned**

3. The properties concerned in these appeals are within a single, purpose built distribution warehouse constructed by the appellants on a 1.5 acre site in the Pouladuff Industrial Estate on the outskirts of Cork City and adjacent to the South Ring Road.
4. Pouladuff Industrial Estate is located in a long-established light industrial area, where there are a number of similar type developments. Most of the units within the estate are in excess of 15 to 20 years old, and the properties concerned in these appeals are of a superior design and specification to other buildings in the immediate vicinity.
5. The properties concerned are located within two adjoining and inter communicating warehouse buildings – the larger building provides storage accommodation at two levels, whilst the other building is single storey and incorporates a two storey office block. Both buildings are of steel portal frame construction with infill block walls to approximately 3 metres high and insulated steel decking overall under an insulated and pitched metal deck roof. The two level warehouse building has a minimum eaves height of approximately 9 metres, and provides storage space at two levels. The floor at the upper level is of concrete construction, with a load bearing capacity sufficient to allow the use of forklift trucks. Access to the space, which has a minimum eaves height of 2.5 metres rising to approximately 4.5 metres at ridge level is by way of three enclosed stairways and two heavy duty passenger/goods lifts each with a 5,500 kg capacity. The space at ground floor level has an internal ceiling height of 6.5 metres, but due to design and specification of the floor overhead, the support columns are on a 6 metre by 7.25 metre grid.

6. Adjoining the two level warehouse there is a second warehouse building which is of similar construction save that it has a single pitched roof with a minimum eaves height of 5 metres, rising to about 10 metres where it joins the two level building. Incorporated under the main roof of this building is office accommodation at two levels.
7. There are loading bays in the warehouse buildings as well as pedestrian access doors and a large concrete access/parking/marshalling area for trucks, as well as for customer and staff parking.

### **Rating History**

8. The property was first valued as a single unit of occupation and on 30<sup>th</sup> June, 2008 a Valuation Certificate was issued by the Revision Officer, Mr. Dineen, to the effect that the property concerned had been assessed at a rateable valuation of €1,300. Following an appeal by the appellant, the Commissioner of Valuation apportioned the original valuation to reflect the fact that part of the premises was vacant and this gave rise to two entries as follows:
  1. Portion occupied by the appellant rateable valuation of €845
  2. Vacant portion rateable valuation of €25.
9. The appellant being dissatisfied with the Commissioner's decision lodged appeals to this Tribunal pursuant to Section 34 of the Valuation Act, 2001.

### **The Appellant's Evidence**

10. At the hearing Mr. Halpin having taken the oath adopted his précis and valuation which had previously been received by the Tribunal and the respondent as being his evidence-in-chief.
11. In his evidence Mr. Halpin contended for a rateable valuation of €643 and €234 in respect of the occupied and vacant space respectively as set out below:

#### VA09/1/014

This is the vacant space and consists of the ground floor of the two level building which has an internal ceiling height of 6.5 metres.

Warehouse: 2,121 sq. metres @ €23.92 per sq. metre = €50,734

Rateable Valuation @ 0.5% = Say €254

VA09/1/015

The property concerned in this instance comprises the remainder of the property and consists of a single storey warehouse building with a minimum eaves height of 5 metres, rising to a height of 10 metres and includes offices at two levels. In addition there is the storage accommodation at the upper level of the two level warehouse building, which has an eaves height of 2.5 metres rising to 4.5 metres at ridge level.

Offices:	636 sq. metres	@ €41.00 per sq. metre	= €26,076
Warehouse:	2,270 sq. metres	@ €27.34 per sq. metre	= €62,062
Warehouse:	104 sq. metres	@ €20.50 per sq. metre	= € 2,132
(restricted headroom)			
Mezzanine stores:	2,803 sq. metres	@ €13.67 per sq. metre	= <u>€38,317</u>
Total NAV			= €128,587
Rateable Valuation @ 0.5% = <del>€</del> 42.93 Say <del>€</del> 43			

12. In support of his opinions of net annual value Mr. Halpin introduced 7 comparisons, details of which can be found at Appendix 1 attached to this Judgment.
13. In his evidence Mr. Halpin said that Pouladuff Industrial Estate was developed in the early seventies and as a consequence the general appearance of the estate was not attractive and the buildings therein were dated in design and specification. The property as originally valued, Mr. Halpin said, was designed to meet the appellant's purposes and was therefore non typical in layout as it provided a considerable area of space, at what he described as mezzanine level. Due to the nature of the construction of the floor of this level, the accommodation under is densely pillared and this undoubtedly impacts severely on the efficient use of the space, and thus relatively unattractive to prospective occupiers. Furthermore, there is no office space at this level and this is a factor that would also be borne in mind by a prospective tenant for this space.
14. Mr. Halpin said that a small area of space in the single storey warehouse building was located under the first floor office accommodation and in his opinion should be valued at a lesser rate per square metre than that applied to the remainder of the warehouse space in this building.

15. Under examination Mr. Halpin did not agree with Mr. Dineen's assertion that the storage accommodation at the first floor level was not a mezzanine space in the accepted sense. When Mr. Dineen put it to him that the very fact that it was part of the structural design of the property and that it was accessed by way of two heavy duty passenger/goods lifts and three enclosed stairways was a clear indication that it was not a mezzanine space as such, Mr. Halpin did not alter his stated view.
16. Mr. Dineen asked Mr. Halpin why he had limited his comparisons to properties located in the Little Island area, all of which were much older than the properties concerned. Mr. Halpin responded by saying that in his opinion there was little to choose in terms of location between Little Island and Pouladuff. In any event, Mr. Halpin said, all his comparisons had been agreed at first appeal stage or determined by the Valuation Tribunal (comparisons 5, 6 and 7) and hence were good examples of the tone of the list for properties similar to the properties concerned. This, he said, was in contrast to Mr. Dineen's own comparisons, all of which Mr. Halpin said were not subject to appeal and were therefore to some extent untested. However, when pressed to express a view on the relative values between Pouladuff and Little Island, Mr. Halpin agreed that the valuations for Little Island would be lower than those prevailing in the vicinity of Pouladuff.

### **The Respondent's Evidence**

17. Mr. Dineen having taken the oath adopted as his evidence-in-chief his written précis and valuation which had previously been received by the Tribunal and the appellant.
18. In his evidence Mr. Dineen contended for rateable valuations of €845 and €325 calculated as set out below:

#### VA09/1/014

Offices:	636 sq. metres	@ €47.83 per sq. metre	= € 30,420
Warehouse ground floor:	2,384 sq. metres	@ €34.17 per sq. metre	= € 81,461
Warehouse first floor:	2,803 sq. metres	@ €20.51 per sq. metre	= <u>€ 57,489</u>
Total NAV			= €169,370
Rateable Valuation @ 0.5% = Say €845			

VA09/1/015

Ground Floor Warehouse: 2121 sq. metres @ €30.76 per sq. metre = €65,241  
 Rateable Valuation @ 0.5% = Say €325

19. In support of his opinions of net annual value Mr. Dineen introduced 4 comparisons, details of which are contained in Appendix 2 attached to this Judgment.
20. In his evidence Mr. Dineen said that he had been the Revision Officer in and around the North Cork area which included the environs of Cork City for over 30 years and under the circumstances was in a position to comment with some authority on the prevailing levels of value for premises such as the two properties concerned in these appeals. In his experience, Mr. Dineen said, the prevailing tone of the list for warehouses in the Cork Lower area for many years was €34.17 per sq. metre and for associated office accommodation was €47.83 per sq. metre. These levels of value, Mr. Dineen said, were now well-established and applied regardless of size or eaves height up to about 10 metres. Buildings with an eaves height in excess of this would, he said, attract a premium but in his experience there were relatively few buildings of this category in the North Cork area.
21. With regard to the subject property as originally valued, this consisted of two main elements – a single storey warehouse and a two storey warehouse building. In his opinion the accommodation at the upper level under no circumstances could be described as a mezzanine space, given the nature of its construction and the fact that it was accessed by two heavy duty passenger/goods lifts and three enclosed stairways. If he had come to the conclusion that it was a mezzanine space, he said, he would have valued it at €13.66 per sq. metre which was the prevailing level for such space in the North Cork area. In arriving at his opinion of the net annual value of the storage space at ground floor level he had discounted the value of the space by 10% to reflect the unusual height and the density of the pillars in this area.
22. Under examination Mr. Dineen agreed that the area of the storage space at the upper level of the two level building was unusually high relative to the ground floor space but said that this was probably due to the fact that the building was designed to meet the owner's own specific requirements, which he accepted had now changed, presumably due to existing economic conditions. Mr. Dineen said it was not unusual for a mezzanine space to have concrete floors,

but more typically, he said, they were of timber construction, open fronted within the warehouse building and accessed by timber staircases.

23. Mr. Dineen agreed with Mr. Halpin that none of his comparisons contained mezzanine space, but he said he did not consider such an omission to be important as the space of the upper level in the two level building was not a mezzanine in the accepted sense.

24. Mr. Dineen also accepted that none of his comparisons had been subject to an appeal but would not accept the proposition put to him from Mr. Halpin that such evidence be treated with some degree of caution.

### **Findings**

The Tribunal has carefully considered all the evidence both written and oral and the arguments adduced by the parties and finds as follows:

1. Section 49 sets down that the valuation of the property concerned which is subject to a revision under Section 28 of the Valuation Act, 2001 be determined *“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.”*
2. The Tribunal accepts Mr. Dineen’s evidence that the prevailing tone of the list for modern warehouse buildings and associated office space in the North Cork area is €34.17 and €47.83 per square metre respectively.
3. It is common case that the properties concerned in these appeals were initially designed and constructed as a single unit of occupation to meet the anticipated requirements of the appellant company at that time. To that extent therefore it is not a typical warehouse development and this is manifest by the layout of the principal warehouse building, which provides storage space at two levels. In their evidence the expert witnesses had different opinions as to how best to describe the accommodation at the upper level. Mr. Halpin described it as a mezzanine space, whilst Mr. Dineen felt this description as ordinarily understood did not give a true picture. In his opinion, the main warehouse building was designed and constructed as a two storey storage building, fully serviced with two heavy duty passenger/goods lifts each capable of carrying a fork lift truck. Furthermore, there were three separate access stairways. On balance the Tribunal considers Mr. Dineen’s

description of this building to be more appropriate and proposes to value it accordingly, taking into account that the eaves height is 2.5 metres rising to 4.5 metres at ridge level.

4. It is common case that the storage space at ground floor level is densely pillared and this inevitably impacts on the efficient use of the available space at this level. This is a factor that a hypothetical tenant as envisaged in rating law would have regard to in formulating an opinion of rental value.
  
5. In relation to the single storey warehouse building and associated office accommodation the Tribunal is of the opinion that in valuing this element of the property concerned regard must be had to the prevailing tone of the list for buildings of this type in the North Cork area, as put forward by Mr. Dineen. Nonetheless the Tribunal is of the view that there should be a small allowance made to the rate per square metre attributed to the warehouse area, to reflect its non-typical layout and the fact that a portion of the available space must be reserved in order to provide essential access to and from the two heavy duty passenger and goods lifts.

### **Determination**

Having regard to the above the Tribunal determines the rateable valuation of the properties concerned as follows:

#### VA09/1/014

Offices:	636 sq. metres	@ €47.83 per sq. metre	= € 30,420
Warehouse:	2,384 sq. metres	@ €33.00 per sq. metre	= € 78,672
Warehouse First Floor:	2,803 sq. metres	@ €15.00 per sq. metre	= € 42,045
NAV =			Say €151,000
Rateable Valuation @ 0.5% = Say €755			

#### VA09/1/015

Warehouse:	2,121 sq. metres	@ €25 per sq. metre	= € 53,025
Say €3,000			
Rateable Valuation @ 0.5% = Say €265			

And the Tribunal so determines.