

Appeal No. VA89/0/269

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 1988
VALUATION ACT, 1988

O'Dwyer Brothers Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed shop and restaurant at Lot No: 7 and 8, Mount Street Lower, South Dock B Ward,
County Borough of Dublin
Quantum - Comparisons, location

B E F O R E

Hugh J O'Flaherty

S.C. Chairman

Paul Butler

Barrister

Brian O'Farrell

Valuer

JUDGMENT OF THE VALUATION TRIBUNAL
DELIVERED ON THE 7TH DAY OF MARCH, 1990

By notice of appeal dated 17th August, 1989, the appellants appealed against the determination of the Commissioner of Valuation in fixing the rateable valuation on the above described hereditament at £745.00.

Description of Premises

The premises are situated on the west side of Lower Mount Street about one mile from the city centre. The subject property occupies the basement, ground floor and portion of the first and second floors of a three storey over basement corner property. It is constructed with rubble masonry and concrete walls, solid and timber floors and natural slate roof. The front and side elevations have a smooth cement plaster finish to the upper floors with a traditional timber front at ground floor level. Internally the ground floor is fitted out to a good pub standard and the basement, as a restaurant. The condition of the property is good. The stairs to the first floor kitchen is narrow. The property is freehold.

The Present Valuation

In June, 1988 the subject property was inspected and revised. In November, 1988 the Valuation Lists issued and two valuations were attached to the subject as follows:

£650 in respect of Licd. shop and restaurant (ground floor and basement) and R.V. £95 on offices, stores and kitchen (1st and 2nd floors).

An appeal against both valuations was made to the Commissioner of Valuation and in July, 1988 he issued his decision amalgamating the two lots, amending the description and making no change in the aggregate rateable valuation.

Written Submission

A written submission was received in the Tribunal on 5th December, 1989 from Mr. Terence Dineen, B.Agr.Sc. a Valuer with 15 years experience in the Valuation Office. He said that the subject premises is about the best known and most fashionable licensed house in the city centre. It attracts an affluent clientele and it has a deserved reputation for doing the best business in town in the last eight to ten years. The offices in its vicinity guarantee daytime trade while its

size and style, augmented now by the basement pizza parlour, attracts night trade. It is near Lansdowne Road and Ballsbridge, is across from Holles St. Hospital and is close to the Institute for Clinical Pharmacology (formerly Sir Patrick Duns). He computed the net annual value for the subject property at the following capital values, yields and years purchases:

If capital value £2,000,000
9% yield (11 years purchase) -> £180,000 N.A.V.

If capital value £1,750,000
8% yield (12.5 years purchase) -> £140,000 N.A.V.

If capital value £1,750,000
10% yield (10 years purchase) -> £175,000 N.A.V.

He said that a yield in region 8½ - 9% (i.e. eleven to twelve years purchase of rent, is common for licensed houses and that licensed houses of this quality when sold make between 1.25 and 1.5 times turnover.

He said that one licensed house was the subject of an exercise carried out by the Commissioner of Valuation in Grafton Street. This exercise formed the basis for the Commissioner applying a general fraction of the net annual value of properties in the Dublin area to arrive at a rateable valuation. Coincidentally this premises is also owned by Mr. O'Dwyer and is a basement pub in the Stephen's Green Centre.

He calculated the net annual value of the subject premises as follows:

<u>Basement</u> Restaurant/seating/wcs	192 m ² @ £233	= £ 44,736
Ground floor bar	221 m ² @ £466	= £102,986
	(Twice basement rate)	
Part first and		
second floors	117 m ² @ £78	= <u>£ 9,126</u>

located it does not have the advantage of being situated close to cinemas, theatres, restaurants etc. which tend to attract people to the area at night and give life to the area as result. This property, however, is surrounded by office premises which, though useful for lunchtime trade, are closed at night making it more difficult to attract people to this area.

He said that the open-market capital value of the premises as at 1st November, 1988 was £1,250,000. He said that capital value was a superior method of determining rateable valuation to rental values where licensed premises are concerned. He suggested that if a link between capital values and rental values needed to be established it would be a 15 year period. This would yield a rental value of £83,000 on these premises.

In his opinion a fair rateable valuation would be £500. He appended a list of comparisons which are attached as Appendix A.

Oral Hearing

At the oral hearing which was held on 22nd January, 1990 the discussion centred very much around the written submissions which have already been described in detail. Mr. O'Kennedy made the point that the capital values of public houses are over inflated and that rentals have not increased correspondingly. He said that therefore the link between capital values and rental values was greater than that put forward by Mr. Dineen. He said that in the top of the market public houses, such as the subject property, a 20 year purchase would not be unreasonable. Mr. Dineen on behalf of the Commissioner of Valuation argued that in the licensed trade an 11-12 year purchase was common. He said that following an exercise carried out by the Commissioner of Valuation in Grafton Street a fraction of .63 as a percentage of net annual value to be applied to the Dublin area was arrived at by the Commissioner. This exercise was brought to fruition after the 1989 1st appeal stage and if applied to the subject premises would, in fact, increase the rateable valuation from what the Commissioner had decided at first appeal stage.

Mr. O'Kennedy made the point that what was a top of the market public house could change very quickly particularly in the location in which the subject property is situated. He said that it depended very much on what was fashionable and that any person buying a pub would far prefer to have a good pub in the suburbs surrounded by houses than a top of the market pub in a location such as the subject property where the market was very fickle because of the absence of a surrounding residential area. A discussion took place on the rateability of a number of other pubs which were dealt with in the precis of evidence as submitted. Mr. Dineen said that generally pubs were undervalued and that this would have to be corrected in the future.

Mr. O'Kennedy said that the subject premises was comparable to Kitty O'Shea's public house in that it was in the same location and that while it was bigger the rateable valuations should be comparable in some way. He said that Kitty O'Shea's attracts the same clientele and is near Lansdowne Road. It is comparable physically and location wise. Mr. Dineen did not accept that Kitty O'Shea's was a good comparison. As statistics had not been provided on a breakdown of Kitty O'Shea's the Tribunal asked both parties to submit details of its rateable valuation. By letter dated the 26th January, 1990 Mr. Dineen forwarded these details which are as follows:

Lounge Bar	130.5m ² @ 70p =	91.35
Garden Bar (at rear)	67 m ² @ 60p =	40.20
Toilets	23 m ² @ 20p =	4.60
Kitchen	11 m ² @ 30p =	3.30
Passage	11 m ² @ 15p =	1.65
Bar store	4 m ² @ 20p =	0.80
Passage	4 m ² @ 15p =	0.60
Coldstore	15 m ² @ 30p =	4.50
Store	21 m ² @ 15p =	3.15
Kitchen	18 m ² @ 20p =	3.60
Wcs. }		
Office }		
Kit stores }	59 m ² @ 20p =	11.80

Staff wcs	}	
Passage	}	
First floor function bar	60 m ² @ 40p =	24.00
Licence		<u>70.00</u>
		£259.55

Say £260

Agreed areas - 1984 First Appeal

Findings

The Tribunal feels that the points raised by Mr. O'Kennedy have validity in relation to this premises. The Tribunal is also influenced by the comparisons submitted and although it appreciates the application of a scientific approach by the Commissioner in determining rateable valuations it must ensure that rateable valuations are fair and seen to be so. Accordingly the Tribunal feels that Kitty O'Shea's is a reasonable comparison to produce but accepts that the subject premises is larger in size and more plush. The Tribunal, therefore, fixes a valuation of £550 on the subject premises.