

Appeal No. VA97/2/042

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

Oriflame Manufacturing

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Warehouse at Map Ref: 1C, Townland: Irishtown, Ward: Bray No. 5, Urban District of
Bray, Co. Wicklow
Quantum - High Bay Warehouse

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Rita Tynan - Solicitor

Member

Finian Brannigan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 8TH DAY OF MAY, 1998

By Notice of Appeal dated the 23rd day of April 1997 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £850 on the above described hereditament.

The grounds of appeal as set out in the said Notice are:

- "(1) The valuation is bad in law.
- (2) The valuation is excessive and inequitable."

The relevant valuation history is that the subject premises was revised in November 1995 when a rateable valuation of £850 was fixed by the Commissioner. The valuation of £850 was maintained unchanged after the first appeal.

The property comprises a new warehouse with toilets and canteen at the rear, a two storey office block to the front, loading bays at front and rear, plant rooms, carpark, circulation area, and a security hut. The total site area is in the region of 4.8 acres.

The agreed areas of the subject premises are as follows:-

Warehouse	60,741 sq.ft.
Offices	4,370 sq.ft.
Loading Bays	3,121 sq.ft.
Security Hut	65 sq.ft.

A written submission prepared by Ms. Sheelagh O'Buachalla, BA, an Associate of the Society of Chartered Surveyors, and a Director of Donal O'Buachalla & Company Limited was received by the Tribunal on 28th day of November 1997. The written submission contained a description of the location of the property, its extent and area. The tenure of the property was described as one which provided a rent sufficient to ensure the investment of the landlord within a determinate number of years. The written submission stated that the rent was not an open market rent and should be treated with caution.

In Ms. O'Buachalla's opinion a fair estimate for the rateable valuation of the subject premises was as follows:-

Offices	4,370 sq.ft. @ £3 psf = £ 13,110
Warehouse	60,741 sq.ft. @ £2 psf = £121,482
Loading Bay	3,121 sq.ft. @ £1 psf = £ 3,121
Security Hut	65 sq.ft. @ £3 psf = £ <u>195</u>
	NAV = <u>£137,908</u>

NAV £137,908 @ 0.5% = RV £690.

The written submission contained a schedule of three comparisons.

A written submission prepared by Mr. Joseph McBride, B.Agr.Sc (Honours), Graduate Diploma in Planning & Development Economics, MIAVI, and a Valuer with 17 years experience in the Valuation Office, on behalf of the Respondent was received by the Tribunal on 25th day of November 1997.

The written submission described the subject premises as being located in a new industrial park. The construction costs were stated to be in the region of £2m in 1994/1995. The written submission drew attention to the eaves height of the building. Furthermore, the written submission stated that site costs at this industrial estate ranged from £80,000 per acre to £125,000 per acre.

The written submission contained a copy of the lease for the subject premises. The submission stated that it had been agreed with the agent for the Appellant that this lease should be disregarded as rental evidence for a net annual value.

Mr. McBride's calculation of net annual value and rateable valuation was as follows:-

Offices	4,370 sq.ft. @ £3.50 psf = £ 15,295
Warehouse	60,741 sq.ft. @ £2.50 psf = £151,853
Loading Bays	3,121 sq.ft. @ £1.50 psf = £ 4,682
Security Hut	65 sq.ft. @ £2.00 psf = <u>£ 130</u>
	NAV = <u>£171,960</u> Say £170,000
	NAV £170,000 @ 0.5% = RV £850.

Mr. McBride's written submission contained a schedule of 5 comparisons.

The oral hearing took place in the Tribunal offices in Dublin on 5th day of December 1997. In her sworn testimony, Ms. O'Buachalla adopted her written submission as her evidence to the Tribunal.

In her evidence, Ms. O'Buachalla dealt with the three comparisons submitted by her. As to her first comparison, A O Smyth Electric Motors (Ireland) Ltd., Ms. O'Buachalla noted that her analysis was different from that presented by the Respondent in his fifth comparison. In her testimony, Ms. O'Buachalla stated that the A O Smyth building was smaller than the subject premises but that it was of better construction.

The second comparison offered by Ms. O'Buachalla was *Industrial Packaging Limited* (VA95/1/132), a decision of the Tribunal. The rate determined there was £2 psf for warehouse space and £3 psf for offices. The Tribunal had stated in its judgement that the A O Smyth premises was the constraint it used in valuing in that case, while acknowledging that the A O Smyth premises was in many ways a superior building.

Ms. O'Buachalla stated that her third comparison, *Healy Hosiery* (VA95/1/015), was also a Valuation Tribunal decision. This comparison showed a value of £2 psf for ground floor factory space.

In her sworn testimony, Ms. O'Buachalla stated that her comparisons had established that there was a 'Tone of the list' for modern industrial warehousing and that was £2 psf. She had used this value in arriving at a valuation in this case.

Ms. O'Buachalla referred to eaves height. She said the standard eaves in warehouses is 18-20 feet. The eaves height in the subject were 24 feet. Ms. O'Buachalla stated that an additional value for high eaves would only arise when eaves are 10 feet higher than the standard height.

Mr. McBride, in his sworn testimony adopted his written submission as his evidence to the Tribunal. In his evidence, Mr. McBride stated that the subject premises is located in a new industrial park at Bray. He stated that the standard of the subject premises cannot be compared to existing similar structures in other parts of Bray.

He stated that the principal criterion for the use of warehouses is their capacity to store goods. The eaves height was an indicator of storage capacity. In the subject premises the eaves were 25.6 feet rising to 35 feet at the apex of the building. Mr. McBride stated that most of the comparators had flat roofs. He further stated the circulation areas in the building were very generous.

In further evidence, Mr. McBride referred to the location of the subject premises. It was situated close to a new link road which in turn was connected to the N11. These arrangements in Mr. McBride's opinion greatly facilitated access to the subject.

Mr. McBride then dealt with his comparisons. His first comparison, the former Sagami factory now occupied by Alert Packaging Limited was in the same industrial estate as the

subject premises. This was a modern industrial unit with eaves height of 20.6 feet according to the planning file. The values agreed here at first appeal stage 1994/3 with the Appellant's agent were £3.75 psf for office space and £3.33 psf for production space. Mr. McBride stated that these values reflected the high standard of the premises and its good location. This comparison was his best evidence for the valuation he had placed on the subject premises.

As to his second comparison, Industrial Packaging Limited, which was also used by Ms. O'Buachalla, he stated that the eaves height there was 17 feet 3 inches with a flat roof. Again, the property was not as well located as the subject. The site cost for this comparison was £26,000 per acre as against £80,000 per acre for the subject.

Mr. McBride stated that his comparisons number 3 and 4 were in the same industrial estate as the subject. Both of these properties were under appeal to the Tribunal. He stated that he was using these comparisons to show the prevailing values in the estate. In the case of Maxtor (comparison no. 3) there is a lease commencing in 1996 for 20 years. The passing rent there had been indexed back to 1988 and a subsequent analysis had given the calculation of valuation. Mr. McBride referred to *Irish Shell v. Commissioner of Valuation* (VA95/1/055). He stated that this decision was authority for the proposition that properties under appeal to the Tribunal could be used as comparators.

Finally, in his direct evidence, Mr. McBride referred to his fifth comparison, A O Smyth Electric Motors (Ireland) Ltd., which Ms. O'Buachalla had used as her number 1 comparison. He stated he could not agree the areas concerned with Ms. O'Buachalla, pointing out that Ms. O'Buachalla's net annual value for the property was £121,655 while his net annual value was £123,000.

Under cross examination by Ms. O'Buachalla, Mr. McBride did not concede that his comparison number 1 was superior to the subject. He stated that this was so because this comparison had an eaves height of 20 feet 6 inches, while the subject had an eaves height of 25 feet rising to 35 feet. Ms. O'Buachalla put it to Mr. McBride that one property in the industrial estate, namely his comparison number 1, does not give a 'Tone of the list' for the estate. In reply, Mr. McBride stated that this comparison had been agreed by the Appellant's agent.

The Tribunal, has considered the written submissions of the Appellant and the Respondent and the evidence given by both parties at the oral hearing.

The Tribunal considers that the evidence adduced on behalf of the Respondent has greater weight and is persuasive.

The subject premises is of a higher standard and with its higher eaves has greater storage capacity than any of the comparisons put forward by the Appellant. Furthermore, the property's ease of access makes it an attractive proposition to any hypothetical tenant. Again, the Tribunal considers that the Respondent's comparison (the former Sagami factory now occupied by Alert Packaging Limited) is the most appropriate comparison to be used in arriving at its decision. It is in the same industrial estate as the subject and the valuation had been agreed by the agent for the Appellant.

Accordingly, the Tribunal affirms the decision of the Commissioner of Valuation in fixing the rateable valuation of the subject premises at £850 and the Tribunal determines the rateable valuation of the subject premises to be £850.