

Appeal No: VA19/5/1273, VA19/5/1036

**AN BINSE LUACHÁLA
VALUATION TRIBUNAL**

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

Crossvale Management

APPELLANT

and

Commissioner of Valuation

RESPONDENT

In relation to the valuation of

Property Numbers 1281335 and 2194607, Coes Road Industrial Estate, Dundalk, County Louth.

B E F O R E

Majella Twomey - BL

Gerard O'Callaghan - MRICS, MSCSI

Peter Stapleton - FSCSI, FRICS, Dip Arb Law

Deputy Chairperson

Member

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 12th DAY OF APRIL, 2023

1. THE APPEAL

1.1 By Notice of Appeal received on the 14th day of October, 2019 the Appellant appealed against the determination of the Respondent pursuant to which the net annual value '(the NAV)' of the above relevant Properties was fixed in the sum of:

Unit Number 3, Property Number 1281335, Appeal No: VA19/5/1273: €164,100 and
Unit Number 4, Property Number 2194607, Appeal No: VA19/5/1036: €24,500.

1.2 The Grounds of Appeal are fully set out in the Notice of Appeal. Briefly stated they are as follows: "*The valuation is excessive and inequitable.*"

1.3 The Appellant considers that the valuation of the Properties ought to have been determined in the sum of :

Unit Number 3, Property Number 1281335: €1,000.00 and
Unit Number 4, Property Number 2194607: €9,200.

2. REVALUATION HISTORY

2.1 On the 15th day of March, 2019 copies of valuation certificates proposed to be issued under section 24(1) of the Valuation Act 2001 (“the Act”) in relation to the Properties were sent to the Appellant.

2.2 Final Valuation Certificates issued on the 10th day of September, 2019 stating a valuation of

Unit Number 3, Property Number 1281335:	€164,100 and
Unit Number 4, Property Number 2194607:	€24,500.

2.3 The date by reference to which the value of the properties, the subject of these appeals, was determined is the 15th day of September, 2017.

3. THE HEARING

3.1 The Appeals proceeded by way of an oral hearing held in the offices of the Valuation Tribunal at Holbrook House, Holles Street, Dublin 2, on the 12th day of October, 2022. At the hearing the Appellant was represented by Mr Martin O’Donnell FRICS, FSCSI of CBRE and the Respondent was represented by Ms Tanya Vasileva 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 properties form part of the former United Beverage Facility which were subdivided for letting purposes when the original occupier ceased to trade from the facility.

4.3 The subject properties of this Judgment are all sub-divisions of the original premises.

4.4 Unit Number 3 is a single-storey storage building of block construction with a primarily flat roof, limited natural lighting, and unoccupied.

4.5 Unit Number 4 is a single storey storage building of block construction, a flat roof, shell specification, limited ceiling height for storage purposes and unoccupied for several years.

4.6 The subject properties are located off the eastern bypass in Coes Road Industrial Estate, circa 2.5km east of Dundalk town centre and 5km from the M1 motorway.

4.7 The floor areas have been agreed as follows;

Unit Number 3, Property Number 1281335:	131.95 sq m and
Unit Number 4, Property Number 2194607:	463.91 sq m.

5. ISSUES

In determining these Appeals the Tribunal is required to decide whether the Rateable Valuations, as set in the table below, determined by the Commissioner of Valuation for the relevant date of September 15th, 2017 have been shown to be excessive and if so by how much.

Unit Number 3, Property Number 1281335, Appeal No: VA19/5/1273: €164,000 and
Unit Number 4, Property Number 2194607, Appeal No: VA19/5/1036: €24,500.

6. RELEVANT STATUTORY PROVISIONS:

6.1 The net annual value of the Property has to be determined in accordance with the provisions of section 48 (1) of the Act which provides as follows:

“The value of a relevant property shall be determined under this Act by estimating the net annual value of the property and the amount so estimated to be the net annual value of the property shall, accordingly, be its value.”

6.2 Section 48(3) of the Act as amended by section 27 of the Valuation (Amendment) Act 2015 provides for the factors to be taken into account in calculating the net annual value:

“Subject to Section 50, for the purposes of this Act, “net annual value” means, in relation to a property, the rent for which, one year with another, the property might, in its actual state, be reasonably be expected to let from year to year, on the assumption that the probable annual cost of repairs, insurance and other expenses (if any) that would be necessary to maintain the property in that state, and all rates and other taxes in respect of the property, are borne by the tenant.”

7. APPELLANT’S CASE

7.1 Mr. Martin O’Donnell of CBRE set out the case for the Appellant, Crossvale Management Ltd.

7.2 Mr. O’Donnell provided background information on the properties that were originally developed in the late 1960’s, early 1970’s as a manufacturing and bottling plant for United Beverages. United Beverages ceased operations at the facility in 2005 and the plant was subsequently sub divided for letting purposes.

7.3 The buildings are block construction primarily flat roofs. The units are both unoccupied, poor or shell condition.

7.4 Mr. O’Donnell stated that the Coes Industrial Estate in which the subject properties are located is a pre-dominantly industrial area and the location does not benefit from significant visibility or passing trade.

7.5 Mr. O'Donnell stated that the Coes Road Industrial Estate was approximately 50% vacant at the Valuation date and that the industrial estate experienced high vacancy rates since it was sub divided for letting purposes circa 2006.

7.6 In the opinion of Mr. O'Donnell, the Commissioner failed to take appropriate account of the high vacancy rates when undertaking their assessment of NAV's for the subject units. Both units were vacant at the valuation date. Mr O'Donnell advised the Tribunal that both Units had not been occupied for 17 years.

7.7 Mr. O'Donnell cited three NAV comparisons. Comparison no.1 was Unit 5 Coes Industrial Estate (PN 2194610) which was determined by the Valuation Tribunal (Appeal ref. VA19/5/1061) whereby a Rateable Valuation of €25,000 or €45 per square metre was set. Mr. O'Donnell stated that this unit was a workshop extending to circa 553 sq.m, which was significantly more lettable and valuable than the subject properties due to its size and eaves height, being a detached unit with access from 2 sides and also having the benefit of ancillary yard with extensive parking and circulation space.

7.8 NAV Comparison no.2 was Unit 27 North Link Business Park, Coes Road East, Dundalk (PN 2188850) which is located a short distance from the subject properties but with the benefit of a good profile on Coes Road at the entrance to North link Business Park. This was a modern warehouse/ showroom unit with extensive glazing and high-quality cladding system. The showroom here had been assessed at €60 per square meter and the storage areas at €50. Mr. O'Donnell stated that his proposed valuation at €20 per sq.m for the subject properties was reasonable and proportionate when compared to this comparison which was a superior purpose-built property in a more high-profile location with the benefit of extensive carparking.

7.9 NAV Comparison No.3 was Old Stable, Blackthorn Business Park, Coes Road, Dundalk (PN 5019308). This property is also located on the Old Coes Road north of Coes Industrial Estate. Mr. O'Donnell stated that the property was a modern warehouse currently occupied by a tyre retailer which was of superior construction to the subject properties and benefitted from a higher profile location onto Coes Road. This property was assessed at €55 per square meter which according to Appellant supported the proposed valuation of €20 per square meter for the subject properties.

8. RESPONDENT'S CASE

8.1 Ms. Tanya Vasileva of the Valuation Office presented the case for the Commissioner of Valuation.

8.2 Ms. Vasileva described the subject properties as terraced 'old industrial units'.

8.3 Ms. Vasileva outlined a number of key rental transactions which supported the valuation applied by the Commissioner. These are set out in Appendix Number 1 (N/A to the public). The first was Dundalk. This was a traditional single storey brick fronted fitted office building of 70.43 sq m which had a Net Effective Rent of €101 per square meter and was assessed by the Commissioner at €120 per square meter.

8.4 Ms. Vasileva stated that the level had been adjusted downward to €55 per sq m in respect of Unit 3 to reflect the difference in the property.

8.5 Ms. Vasileva's second KRT comparable was a store located in Drogheda town. This property was 55.86 sq m, assessed at €52 per sq m and was claimed to be similar to the subject properties.

8.6 The third KRT was a trade counter showroom with street frontage in Drogheda of 155.94 sq m with a NAV of €10,110 reflecting €60 per sq m NAV on both the store area and offices.

8.7 The fourth KRT was a detached workshop, offices and stores in Drogheda 40 kms from the subject properties with a NAV of €15,250 reflecting €44.50 per sq m on the main part.

8.8 The fifth KRT was also located in Dundalk, of 379.80 sq m with a NAV of €19,490 reflecting €56.40 on the showroom and €47 NAV on the store.

8.9. In support of the Valuation applied to the subject properties, Ms. Vasileva set out 6 NAV comparisons of which 1 to 4 inclusive were relevant to the subject property Unit 1 and NAV comparisons 5-8 inclusive relevant for subject properties Units 2,6 and 7. NAV comparisons 9-12 are cited as comparisons for the Unit 8.

The NAV comparisons are set out in the table below, ancillary rates ignored.

	Property No.	Description	Location	Valuation	NAV SQ.M
1	1320650	More modern industrial building	Greenhills Industrial Estate, Drogheda, Co. Louth. 36 km distant	€2900	€55
2	5012102	Older workshop unit.	Greenhills Industrial Estate, Drogheda, Co. Louth. 36 km distant	€1,200	€55
3	1281356	Older workshop unit.	Coes Road Industrial Estate, Dundalk, Co. Louth.	€10,380	€55
4	5007278	Older industrial unit used as gym.	Greenhills Industrial Estate, Drogheda, Co. Louth. 36 km distant	€17,090	€50
5	2200592	Older showroom /store.	Northlink Retail Park, Dundalk.	€16,580	€50/60
6	1277774	Offices	Greenhills Industrial Estate, Drogheda, Co. Louth. 36 km distant.	€32,400	€60

8.10 Ms. Vasileva commented on the size of the subject properties which had to be taken into account.

8.11 Ms. Vasileva summed up by stating that the levels adapted by the Commissioner were appropriate for the age, size and condition of the subject properties and were supported by the relevant NAV's and KRT's cited.

9. SUBMISSIONS

9.1 There were no legal submissions made by either party.

10. FINDINGS AND CONCLUSIONS

10.1 On 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 Louth County Council.

10.2 The Tribunal is cognisant of the fact that the subject properties were a subdivision of a former large bottling plant and distribution centre and were, therefore, different in nature and specification to the properties proposed as comparisons by both parties. The numerous comparisons cited were generally all purpose built or stand-alone properties that were occupied in the same format and size as originally constructed and not sub-divided as was the case with the subject properties. The possible exceptions were the Respondents comparisons at Greenhills Industrial Estate in Drogheda, although 36 kms away. The Tribunal accepts the evidence of the Appellant that the nature of the properties, being a subdivision of larger industrial premises, places them at a disadvantage for letting purposes, indicating their level of unsuitability in the market, when compared to purpose-built or standalone properties in better locations.

10.3 The Tribunal finds that the fact that both subject properties were vacant and had been for 17 years and this was very supportive of the Appellant's case in appealing against the levels set by the Commissioner. Unit 3 is a disused, former entrance foyer that has been blocked up and is in poor condition. It is only suitable for storage use. Unit 4 comprises former offices and staff facilities that are in shell condition. The Tribunal agrees with the Appellant that both properties were not in a readily lettable condition and, therefore, allowances need to be made to reflect the condition of both properties.

10.4 The Tribunal accepted the Appellant's Comparison no.1, Unit 5 Coes Industrial Estate (PN 2194610) as determined by the Valuation Tribunal (Appeal ref. VA19/5/1061), whereby a Rateable Valuation of €25,000 or €45 per square meter was set, was a more lettable property than the subject properties being a detached unit with the benefit of ancillary yard.

10.5 The Tribunal considered that the Comparisons provided by the Commissioner were generally superior to the subject properties as they were originally constructed in their present form or they were of superior specification or location than the subject properties.

10.6 In seeking to achieve correctness of value for the subject properties in Coes Road Industrial Estate, the Tribunal has to pay due regard to the anomalous and individual characteristics of the subject properties and value each individually making appropriate allowances for their unfavourable characteristics.

DETERMINATION:

Accordingly, for the above reasons, the Tribunal allows the appeal and decreases the valuation of the subject properties

Unit Number 3, Property Number 1281335, Appeal No: VA19/5/1273:

		SQ.M	€/ SQ.M	NAV
Ground Floor	Unused stores	131.95	€55	€7,257.25
Less	45% allowance for inferior characteristics			€3,265.76
			Total	€3,991.49

Rounded say €4,000

Unit Number 4, Property Number 2194607, Appeal No: VA19/5/1036:

		SQ.M	€/ SQ.M	NAV
Ground Floor	Unused stores	463.91	€55	€25,515.05
Less	40% allowance for inferior characteristics			€10,206.02
			Total	€15,309.03

Rounded say €15,310.

as stated in the valuation certificate to €4000(Unit 3) and €15,310 (Unit 4) respectively.

And so the Tribunal determines.