

## VALUATION OF EXCLUSIVE USE VENUES

### 1.0 Introduction

**1.1** In recent years there has been considerable growth in the number of properties available for hire on an exclusive basis. Typical uses include a venue for weddings, conference use, corporate entertainment and private parties. This Practice Note deals with the valuation of this category of subject.

**1.2** Exclusive use venues operate from a variety of different property types. They can be substantial period houses, castles or stately homes, or smaller more modest properties. The main function space may be within the buildings or a marquee in the grounds. The main use is the provision of a venue with any bed and breakfast rooms provided usually ancillary to the main use.

Catering may be provided in house by staff employed by the operator or by a separate catering company.

Specific planning consent may not be required for use on this basis.

**1.3** Properties used as short stay accommodation should not be valued as Exclusive Use Venues.

### 2.0 Basis of Valuation

**2.1** The requirements of the Licensing (Scotland) Act 2005, which was effective from 1 September 2009, changed the licensing situation for all establishments licensed to sell liquor in Scotland. The Operating Plans contain information relating to the proposed operation of the premises, and copies should be available from Licensing Boards. The plans combined with knowledge of how the premises are being run, will have a bearing on the appropriate valuation method.

**2.2** Valuations will be arrived at by application of the Comparative Principle. They should be carried out in accordance with the methodology as set out in SAA Commercial Committee PN 16 Valuation of Hotels, using the following rates:

Turnover Source	Percentages to NAV
Accommodation	11-13%
Catering	8%
Liquor	8%

**2.3** The range of accommodation percentage rates to net annual value above reflects the quality of the particular property. A figure from the higher end of the range will apply to a property which is a quality venue, good quality conversion or purpose built.

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- 2.3/ The lower end of the range would apply to older, unimproved property where there are operational difficulties caused by the unsuitable design/layout inherent in the building and high maintenance and running costs due to the age/style of building.
- 2.4 Where the catering and liquor income is generated from a temporary structure, such as a marquee, the rate to be applied may be reduced by up to 1% in order to reflect the inferior nature of the construction.

### 3.0 Treatment of Income

- 3.1 Fees for hiring the property or rooms within it should be treated as accommodation income.
- 3.2 Where the catering is provided by a separate catering company the figure stated may only cover the commission received and not the full amount of income generated. If this is the case and the full income is not known, assume the commission amounts to 25% of total catering income.
- 3.3 Income from other corporate activities, providing such use has not been separately assessed, should be treated as accommodation income.

### 4.0 Survey and Measurement

- 4.1 Survey should include such information as the type of premises, location, age, construction, services, the date when last refurbished, the size and capacity of rooms used for functions, number and type of bedrooms, type extent and quality of ancillary facilities, parking, details of WC facilities, the use of marquees. A note of the intensity of use should also be made including numbers of functions and whether catering is carried out in-house, by external caterers, or by the hirers themselves. A note should also be made of any non-domestic use other than functions, eg grounds being used for events, bedrooms being used as B&B accommodation, self-catering accommodation etc. Any brochures for the property should be obtained. Details of any planning consents should be obtained.
- 4.2 Details of any premises licence should be obtained including details of the premises covered, a copy of the operating plan and details of the numbers and purpose of any occasional licences. Details of any Civil Licence should also be obtained including details of the rooms so licensed.
- 4.3 Full copies of audited accounts for at least 3 years prior to the date of valuation should be requested.

### 5.0 Description and CVS Entry

Subjects valued in terms of this instruction should be described as **Exclusive Use Venue** using valuation code **LX**.

The Licensed valuation method on CVS should be used.

### 6.0 Confidentiality of Turnover

Valuation staff must respect the confidentiality of turnover supplied to the LVJB. Particular turnover figures should only be discussed with ratepayers and their agents and not disclosed to third parties.