

2017 REVALUATION

VP / S / 1 VALUATION OF SHOPS

SUBJECT INDEX		Page
1	Introduction	2
2	Subjects Included	2
3	Subjects Excluded	2
4	Survey	3
5	Measurement	3
6	Zoning	3
7	Ground Floor – Reduction Factors	4
8	Basements, First Floors and Above – Reduction Factors	7
9	Reduced Areas	8
10	Valuation Adjustments	9
11	Quantum/Inverse Quantum	12
12	Pertinents	12
13	Devaluation of Rents	12
14	Precinct Rates	13
15	Pharmacies	14
16	Miscellaneous Considerations	14
17	Rounding	15

1 Introduction

This practice note deals with the survey and valuation of all shop types, the application of the zoning principle, the use of reduction factors, the application of end adjustments and the selection of precinct rates.

2 Subjects Included

2.1 Shops

All properties having the physical characteristics of a shop and generally used for retail trade i.e. supplying the general public or "the trade" with goods or services. Access to the premises will be directly from the pavement, or by steps up or down. There usually will be one or more display windows or display cases. Internally there will usually be a counter or pay desk and goods displayed for sale. Such properties will generally, although not necessarily, have planning permission for Class 1 use (Shops).

2.2 Offices - occupying retail type properties.

Properties which physically resemble shops are frequently used for "office" purposes such as banks, building societies, solicitors, architects, accountants. These require Class 2 (office) planning permission and may have been adapted for this purpose to a greater or lesser degree.

In general, the shop level of value will represent the base level of value for such units. In some instances it is possible that a higher level of basic rate will be applied compared to adjacent retail units, depending on the rental evidence. However, before considering whether or not an enhanced basic rate is merited it is essential that proper cognisance is taken of any superior frontage or internal finishes in accordance with section 10 below.

2.3 Hot Food Take Aways - see section 10.3

2.4 Pharmacies - see section 15.

3. Subjects Excluded

3.1 Restaurants/Cafés

Restaurants, cafés and snack bars that hold **Class 3 planning consent**, which is "use for the sale of food or drink for consumption on the premises", or properties operating on an equivalent basis, will be valued with reference to VP/C/4 Valuation of Restaurants.

In planning terms a permitted shop use under Class 1 is "...the sale of cold food for consumption off the premises". Generally a minimal amount of customer seating is permitted within this use. Any property that is exceeding this definition and has a separated area for preparing food or for wash-up, should be considered as a café/restaurant.

3.2 Supermarkets

Supermarkets will be valued on a gross internal area basis in accordance with SAA PN 2.

3.3 Department Stores

Department Stores and other similar large shops will be valued on a gross internal basis in accordance with SAA PN 3.

3.4 Retail Warehouses

Retail warehouses are usually readily identifiable as a separate type of retail property. They generally benefit from Class 1 planning permission but the Planning Authority can and does place special restrictions on these properties in terms of parking and other requirements. These should be valued in line with instruction SAA PN 5 Valuation of Retail Warehouses.

However, grey areas exist between what is truly a shop and a retail warehouse. Where a shop is out of character with the norm for that location and resembles to some degree a retail warehouse then a valuation on both the zoned approach and the retail warehouse approach should be considered. In cases of difficulty a Divisional Valuer should be consulted.

3.5 Descriptions and Valuation Codes

Care should be exercised to ensure that all properties which fall within the above definitions have a description and valuation code from the list shown on **Survey Guidance Note 1**.

4 Survey

The details to be obtained when surveying a shop are noted in **Survey Guidance Note 2**.

5 Measurement

Properties which are to be valued in line with this instruction should be measured on the basis set out in **Survey Guidance Note 3**.

6 Zoning

The comparative principle of valuation as used for the valuation of shops attempts to recognise that some parts of a building are consistently less valuable than others. Retailers consider that the front space of a shop is usually of considerably higher value than areas to the rear. Similarly accommodation on basement, first floor or upper levels is considered to be of relatively low value.

"Zoning" has developed as a method of accurately attributing different levels of value to the various parts of the ground floor of a property. It should be applied to all areas which are to be treated as ground floor accommodation. However, it is not appropriate to zone truly basement, first floor or upper floor accommodation which is accessed directly from the principal sales floor.

Shops in which the principal sales floor is located at basement or first floor level and has no retail frontage whatsoever should be referred to a Divisional Valuer.

- 6.1 The zones to be calculated are Zone A, B, C, D.
- 6.2 Zoning should commence from the building line as noted in **Survey Guidance Note 2**. Zone depths should be calculated taking no account of the presence or otherwise of internal walls, passages or voids.

6.3 **Zones Depths**

For the purposes of LVJB all zone depths will be calculated to **9.0m**

6.4 **Zone Reduction Factors (RF)**

The following factors will be applied to all accommodation falling within each zone.

Zone "A"	1.0
Zone "B"	0.5
Zone "C"	0.25
Zone "D"and beyond	0.125

7 **Ground Floor - Reduction Factors**

In some instances it will be necessary for reduction factors to be applied to parts of a property in addition to those reflecting the appropriate zone. These will fall into one of two categories:

- (i) those reflecting **physical disabilities**, such as steps, situation behind structural walls, masking etc, and
- (ii) those reflecting **the quality of the accommodation** i.e. where an area is fitted out to a standard which is markedly below that of the sales space within the unit.

7.1 **Physical Disabilities**

Clearly physical disabilities will have an impact upon the trading potential of different parts of the unit. Due to the very high proportion of value placed on the Zone A area it is unusual, excluding traditional tenement shops, to find any significant physical disabilities in this part of a shop. Only in extreme cases should any reductions be made to reflect physical disabilities in Zone A.

7.1.1 **Physical Disabilities Affecting Sales Accommodation**

Beyond Zone A it may be appropriate to write down sales space by an appropriate RF to reflect any major physical disabilities which may exist. Common examples of these include: separation from the main sales space by steps, brick/structural walls, masking or even a length of passageway etc. These are clearly matters of judgement and the RF to be applied will depend upon the individual circumstances. **However, at all times care should be exercised to ensure that the final RF applied is not lower than that which would have been applied had the area been used as ancillary accommodation such as an office or stores.** No allowance should be granted for tenant installed features e.g. steps.

For the avoidance of doubt, kitchens and serveries which are open to the sales area should be treated as sales space. Toilets and toilet lobbies along with associated cleaners' cupboards which are provided primarily for the use of the public should also be treated as sales space.

7.1.2 Physical Disabilities Affecting Ancillary Accommodation

The reduction factors noted at para 7.2.2.2 below applicable to ancillary accommodation already reflect the fact that such accommodation is normally located in offset situations, behind permanent structural walls and will generally be of inferior quality to the main sales space. It will not normally be necessary to apply any further reduction factors to reflect physical disabilities.

7.2 Quality

The question of whether or not to apply reduction factors to areas which are of a lesser quality than the sales space is not straight forward and will vary depending on location.

7.2.1 City Centre Shops, Shopping Centres and Other Areas of High Value

In city centre areas shopping centres and other areas of high site value, it is not appropriate to apply reduction factors to reflect inferior quality of either sales space or ancillary accommodation on the ground floor.

7.2.2 Shops Outwith the Above Locations

Outwith the locations noted above an appropriate RF may be applied to either sales space or ancillary accommodation located behind a structural wall which is fitted out to a standard markedly below that of the main sales space and below the norm for that location .

7.2.2.1 Sales Space

It may occasionally be necessary to apply an RF to parts of the sales accommodation which are inferior in quality to the main sales area. This is clearly a matter for judgement, however, **at all times care should be exercised to ensure that the final RF applied is not lower than that which would have been applied had the area been used as ancillary accommodation such as an office or stores.**

7.2.2.2 Ancillary Accommodation

It will frequently be necessary to apply an RF to ancillary accommodation. The reduction factors to be applied are noted below and these are designed to cover both physical disabilities and quality. It must be stressed that such accommodation will invariably be separated from the main sales area by structural partitions. It will frequently be located in a masked area or even up a number of steps and will usually be of an inferior quality to the main sales accommodation. All of these factors are assumed to be reflected in the RFs noted and normally it is not appropriate to adjust these RFs further, other than by the appropriate Zone RF.

DESCRIPTION	BEHIND STRUCTURAL PARTITION RF (PERCENTAGE) DEPENDANT ON FINISHES
Offices - standard equivalent to sales space or better	90 or more
Offices - good to poor	90 – 70
Staff Canteen, dining room & kitchen (ranging from moderate to only fair standard)	90 – 70
Staff rooms, Cloakrooms etc	90 – 70
Public toilets & lobbies thereto	90
Staff toilets & lobbies thereto	Nil
Storage Accommodation (assuming basic finishes)	80 – 60
Cupboards	50
* Switch Room) <i>of markedly</i> * Plant Room) <i>inferior standard</i> * Boiler Rooms) <i>to the stores above</i>	Nil

* ***Areas of plant rooms etc used for storage should be valued using the proportion of the accommodation capable of being used for that purpose multiplied by the appropriate storage RF.***

7.3 Masking

Masking is a feature where sales space is located in an offset or masked position and therefore is at least partially obscured from the frontage.

Generally a masking allowance will not apply in traditional tenements as the provisions indicated in para 7.2 above will be sufficient to deal with most situations.

Where it is considered that masking should be applied then this should be undertaken in accordance with **Survey Guidance Note 4** Masking. Again it is essential that any allowance for masking does not exceed the RFs noted in para 7.2.2.2 above to be applied to ancillary accommodation and which already reflect the fact that such accommodation will be in a masked position or behind permanent walls.

7.4 Return Frontage

Where a shop occupying a corner site has display windows to two streets this is known as return frontage from which the property may derive additional value. This is likely to occur only in the most prominent locations and it is therefore intended to consider the value effect only where shops are located on the corners of two principal shopping streets.

It/....

- 7.4/ It is not intended to apply return frontage additions to properties which return on to relatively minor side streets. These properties may, however, be considered for a situation enhancement under para 10.2 below.

In cases where an addition is to be made to reflect return frontage, this should be undertaken in accordance with **Survey Guidance Note 5**.

In the situation where a shop has an entrance and display frontage to two or more streets but no corner situation, then each section should be zoned backwards from each street until the point where the values equate. Staff confronted with this situation should consult their Divisional Valuer for guidance.

8 Basements, First Floors and Above: Reduction Factors

8.1 General

Retailers attach less value to the potential benefit which can be derived from trading on basements, first floors and above. This can be seen by the very limited use to which these areas are often put. It is often the case that this space is included in the lease and kept in adequate repair merely to allow the tenant to trade from the ground floor unit.

8.2 Storey Reduction Factors

Accommodation located on basement, first floor or above should be reduced by the following storey reduction factors. Mezzanine floors should be interpolated between these factors as appropriate depending on the access and visibility from the main floor. Care should be taken to ensure that the correct storey code is applied. Lifts solely for use by wheelchairs should be treated as goods lift.

Specification	Stair Only Code 'S'	Hoist Code 'H' +2.5%	Goods Lift Code 'GL' +5%	Public Lift Code 'PL' +10%	Escalator Code 'E' +20%
Basement	0.125	0.128	0.131	0.138	0.15
First Floor	0.125	0.128	0.131	0.138	0.15
Second Floor	0.062	0.064	0.065	0.068	0.074
Third Floor and above	0.031	0.032	0.033	0.034	0.037

The above factors are intended to apply to shops which have their principal sales floor at ground level. They will not apply to shops which have their principal sales space at an upper or lower level (treated individually on their own merits).

8.3 Access

The above factors assume that there is reasonable stair access to all floors. If the access is poor, then a storey reduction factor may be altered. This will not apply to shops which have public access from two or more levels (treated individually on their own merits).

8.4 Sales Space

Sales space on basements, first floors and above should be valued at the above storey reduction factors. Additional reductions may occasionally be made to reflect the presence of physical disabilities or areas of poor quality as suggested in para 6.2 above. Again, it is essential that care is exercised to ensure that the RF applied does not fall below that which would have been used for ancillary accommodation.

In exceptional cases, outwith the city centre and high value areas noted at para 6.2.1, there may be sales or other accommodation on the basement or first floor of a property which is quite out of character with the norm for its location eg some banks or building societies. In such cases a quality increment may be added to the whole floor.

8.5 Basements and First Floors enhanced by design

Where the sightline to the basement or first floor has been enhanced by an occupier creating a particular design feature in the ground floor sales space, such as a void or exceptional access, an addition should be made to the basement or first floor in order that the final value of the shop is not lower than if that feature did not exist.

8.6 Ancillary Accommodation

Ancillary accommodation will be valued by applying an appropriate RF which reflects both physical disabilities and quality (as noted at para 7.2.2.2 above). The chosen reduction factor should be multiplied by the appropriate storey RF.

Reference should be made to **Survey Guidance Note 3** for the method of measurement of basements, first floors and above, and for the treatment of fire corridors.

8.7 Mezzanine Floor

A mezzanine floor should be valued using the appropriate storey reduction factor.

8.8 Basements with Trap Door Access

Basements which have access via a trap door from the ground floor are only of minimal value. These should be valued at the appropriate storey RF multiplied by a further 0.25 RF to reflect both the nature of the access and the quality of the accommodation. For example, a suburban basement with trap door access which is dry but of unlined stonework, open to the joist above with barely adequate head room and a simple single strip fluorescent light should be valued at 0.125 for storey x a quality RF of 0.25 = final RF of 0.031.

9 Reduced Areas

Having established the reduction factors to be applied to each identified area within the retail unit, these should be multiplied to the net floorage area/m² for that part to arrive at the "reduced area".

The reduced areas will be added together to give total reduced area and it is to this figure that the basic rate per m² shall be applied to give the initial total value.

10 Valuation Adjustments

10.1 General

Ideally all shops in any precinct will be of a similar quality and this will be reflected in the basic rate per square metre analysed from the rental evidence. It may, however, be the case that significant departure above or below the standard quality of the properties from which the evidence is derived may require to be reflected in the valuation. It cannot be over stressed that **end adjustments should only be made where a feature exists which affects value and which is not present in the majority of other shops within the precinct from which the basic rate is derived or is not covered by the reduction factors applied.**

The following paragraphs indicate the more common value adjustments and end allowances that may be considered:

10.2 Corner Situation or Prominent Site

Some shops have a clear advantage over others in the precinct due to their situation on a corner site or in a particularly prominent location. An end addition of up to 10% may be applied in these situations. The advice of a Divisional Valuer should be sought.

10.3 Hot Food Take Aways

Hot Food Take Aways operate under a 'sui generis' planning consent. Planning authorities will frequently restrict the number of hot food take aways that may operate in a given precinct due to the noise, smell, litter and other forms of nuisance that these units may create. The resultant scarcity enhances the rental value that units with planning permission for use as a hot food take away may achieve.

A valuation adjustment of 30% is to be applied to all units subject to a minimum final rate of £230 in Edinburgh and £180 in the Counties.

For these purposes chip shops, pizza shops, Chinese & Indian etc takeaways should be assumed to have planning consent as a hot food take away. The planning situation is rather more confused where sandwich shops and high street bakers are concerned, particularly where the sale of hot food is ancillary to normal retailing (e.g. less than 10% of turnover) and greater leniency is granted, in planning terms, where pre prepared food is re-heated rather than being cooked on the premises. In these latter cases, it will be appropriate to confirm the permitted planning use of the unit with the planning authority before making an addition. Properties with a restricted planning consent can be considered for a reduced adjustment and your Divisional Valuer should be consulted.

10.4 Shop Front

An addition or deduction under this heading will depend entirely on what can be regarded as the "norm" for the let units in the precinct used in the analysis. If, in a particular case, the shop front is clearly superior or inferior to the norm, then an alteration to value is appropriate.

The major determining factor in deciding whether to make an adjustment for a superior or inferior frontage is the quality of display which the shop unit offers, and the ease in which goods etc. can be effectively shown to the potential customer. The nature of the frontage construction and its age are of less importance.

The norm standard of frontage in a precinct should be taken as the style which forms the majority of frontages on properties from which the basic rate is based. In cases where the proportions of new/superior and inferior frontages are similar, then the superior frontage should be taken as the norm and the inferior ones dealt with by deduction.

Additions or deductions should only be applied to cases where the benefits or disabilities which the frontage produces are clearly evident. In exceptional cases it will be appropriate to apply an end adjustment of + or - 2.5% or 5%. In very exceptional cases an extremely poor display frontage in a precinct of primarily modern frontages may merit a deduction of up to 10%.

This percentage should be applied to the basic initial value already calculated.

10.5 Set Back

Another aspect which requires attention is the position of a shop set back from the pavement edge, with access to the entrance across a platt over an open area. The disadvantage of having the display windows remote from public scrutiny rendering them less effective may in extreme circumstances merit an end allowance of up to 10% (assuming a setback of 3m).

As in all cases of end adjustment care should be taken in the granting of an end allowance, particularly where the majority of units in a street are already set back. Where this is the case, the disadvantage of being set back may already be reflected in the basic rate adopted, in which case no further allowance should be granted.

Zoning in a set-back shop should be made from that particular shop's building line.

10.6 Steps Up or Down

It is not uncommon in shopping thoroughfares to find that the front shop area is one, two or even three steps up from the level of the pavement.

Where the front shop is four or more steps up from the pavement and the display windows are visible from the street some modification of value may be appropriate ranging from 5% for four steps up to a maximum of 10%.

The most common circumstance is that properties are both set back and up or down a number of steps. In these cases, in the absence of rental evidence indicating otherwise, the percentage allowances may range from 5% - 25%, where this is combined with a limited or inadequate display frontage.

Again care must be exercised in applying the above allowances to ensure that the disadvantage is not already reflected in the basic rate adopted. When this is the case no further allowance should be granted.

Where the shop is truly at **basement** level and has no frontage whatsoever the valuation should be referred to a Divisional Valuer.

10.7 Layout

If the shape or layout of a shop is considered to be so far removed from the precinct norm unit and the reduction factors which are applied fail to adequately reflect the **overall** disadvantages, an allowance may be granted and in extreme cases up to 10%.

Where property originally comprising two or more shops is in a single occupation and a slapping has been formed for the purpose of free passage from one to the other, it should be valued as a single subject. If the inter communication between the two shops is limited to a single narrow doorway an allowance for layout may be merited up to 5%.

10.8 Internal : Inferior Finishes

In modern shopping developments the internal finish, apart from essential fitting out i.e. electric cabling, sanitary fittings etc. will be subject to the "corporate image" of the retailer in occupation at any particular time. It is a common feature of today's retailing, not just within modern developments, but any primary retail area of high value, that a change of occupier automatically involves the removal of all internal finishes and the creation of a "new look".

In such situations no allowance for inferior finish should be considered, on the basis that the style/nature of finish is irrelevant to the hypothetical tenant and would not influence rental bids.

In traditional suburban shopping thoroughfares however, it will be evident that within a precinct, a range of internal finishes, reflecting both materials and quality, will exist. Only where a particular shop quite clearly falls out with the apparent normal range for that precinct should an allowance be considered. The maximum allowance is 5%.

10.9 Internal: Superior Finishes

Superior internal finishes may or may not be associated with an improved front. As with shop fronts, an addition under this heading will depend entirely on what can be regarded as the "norm" for the let units in the precinct used in the analysis. Appraisal should be through the eyes of the generality of hypothetical tenants. Such people will not pay more rent for specialist finishes, eg fishmonger's counters, but probably will pay over the odds for fittings with more general appeal, such as central heating and superior lighting.

Variations from the precinct norm up to 10% can be considered.. An example of a subject which might merit a 10% addition could be a well finished building society unit (incorporating good quality partitioning, suspended ceilings, computer trunking, inset lighting and toilet facilities) in an otherwise plain street. Very extreme cases may warrant an addition of 15%.

10.9.1 Air Conditioning

All types of air conditioning which is not a feature reflected in the rents of a typical unit should be valued at £7/m². The rate applies only to the actual area of the unit benefiting from air conditioning.

10.9.2 Sprinklers

Where sprinklers are not a feature reflected in the rents of a typical unit in the location, should be valued at £3/m². The rate applies only to the actual area of the unit benefiting from sprinklers.

10.10 Irremediable Defects

Defects which warrant a reduction in value should be serious and unlikely ever to be economic to correct. By definition, they are beyond normal repair. Examples include damp floor slabs or poor load bearing floors. Allowances should not be granted lightly,

but up to 20% applied to seriously affected areas may be appropriate. This may take the form of a subsidiary reduction factor.

10.11 Toilets

In modern shopping centres, lack of toilet provision within the unit is unlikely to be a major disadvantage, as common facilities will exist nearby; an allowance of 2.5% should be granted, unless it is the norm. In more modest areas the lack of an exclusive WC within the shop may be considered a disadvantage and an allowance of 5% applied. A complete absence of nearby facilities may merit a 10% reduction.

10.12 Loading Facilities

Rear loading facilities are standard in modern developments and are reflected in the levels of rent and value. In older established shopping areas where there is loading at the kerbside, or yellow line parking restrictions or bus lanes have been introduced, there is a valuable advantage to the shop occupier who has secure and easy access to a loading bay within the premises. For this facility an increment of 5% may be applied.

11 Quantum/Inverse Quantum

Adjustments for Quantum should be applied in accordance with **Survey Guidance Note 6**.

In shopping centres very small shops often let at higher rates/m² than a standard unit, therefore either an inverse quantum percentage addition should be considered or application of an enhanced basic rate based on rental evidence.

12 Pertinents

After adjusting values for quantum, where necessary, any pertinents which are attached to the shop should be added.

12.1 Garages and/or Stores

Any garage or store situated at a shop should be valued in accordance with the lock-up garage or warehouse schemes of valuation.

12.2 Car Park

A car park which is provided for the benefit of the customers or for staff of a particular shop, is contiguous with it and does not form part of the public street, should be valued at the same rate per car space as other attached car parks in the same zone. Dedicated car parks serving groups of shops may require to be separately entered in the valuation roll in the occupancy of the site proprietor or operator.

13 Devaluation of Rents

By application of SAA Basic Principles Practice Note 1 Adjustment of Rents, all rents ingathered relating to retail properties shall be adjusted to net terms, as defined by Section 6(8) of the Valuation and Rating (Scotland) Act 1956. These "adjusted" rents shall be analysed by using the reduced areas, calculated by the method outlined, to derive valuation basic rates/m².

It is essential, that adequate adjustment is made to reflect superior/inferior frontages in the devaluation of shop rents **before** the determination of basic rates.

14 Precinct Rates

It is recognised practice that shops and shopping locations be grouped into precincts.

A precinct may comprise the whole of a street, part of a street or possibly a "cluster" at a group of streets in suburban situations.

There should be a number of shops in each precinct and the precinct rate to be applied should aim to be representative of the whole precinct. A "tone" for the precinct must be established. In rural situations where a single shop or a small number of scattered shops represent the retail trade outlets of the area, a standard precinct rate may have little significance and various rates each related to the particular situation and property, may be determined.

While Valuers should be led by rental evidence to indicate the extent of precincts, in certain locations there may be insufficient evidence to give clear indication of where breaks occur. In these circumstances, such criteria as physical breaks, changes of shop style, and position within the overall pattern, i.e. start or end of a long shopping thoroughfare, should be taken into consideration.

In the absence of conclusive rental or sales evidence within any precinct, the Valuer may select a rate derived from the rent supported rate of a comparable precinct in the immediate vicinity or from a comparable precinct in a similar situation.

14.1 Adjustment of Precinct Rates

There may occasionally be factors which affect a shop within a precinct that will be such that it is felt necessary to adjust the precinct rate/m² for that property.

This adjustment, which should not normally exceed 10% above or below the precinct rate and the reasons for the decision must be clearly stated in CVS notes.

14.2 Situation

The most common factor which may affect a property, or small group of properties, within a precinct is situation.

The usual instances will be proximity to the best part of the street, and, in the case of a side street, proximity to the principal thoroughfare off which it opens.

To adjust the precinct rate for situation is known as "shading".

In the first example, "shading" would have the effect of lowering the precinct rate for properties where it was felt that their distance from the main body of the precinct was such as to affect value. This may be indicated by such things as minor breaks in the overall frontage pattern of the precinct, deterioration in the quality of retail property. In such cases a downward adjustment of the standard precinct rate may be appropriate.

In the case of a side street joining on to a street of greater retail value, those shops closest to the point of intersection may benefit from increased trade as a result, and a "shading" of the rate for the side street in an upwards direction, for those particular shops, is required. Retailers generally perceive that any shop in a side street more than 25m from the main street is unlikely to attract much extra benefit.

Within a precinct only a few properties should ever be subject to a "shaded" precinct rate. If, after close consideration of the rental evidence and the physical circumstances, staff feel shading should apply to a number of properties, they must reconsider the accuracy of the precinct limits already determined. A clear investigation may reveal that the formation of another precinct of different value is necessary and preferable.

14.3 One Off Shops

In rural or isolated advantageous locations trade often is on the basis of demand e.g. at a farm shop or railway station etc. In the absence of reliable rent(s) from the property(s) comparison should be with other similar isolated shops rather than looking for the nearest precinct rate.

15 Pharmacies

Pharmacies situated at advantageous locations such as health centres, hospitals etc are to be measured on net internal basis, including toilets. The valuation rate applied should reflect available rental evidence of similarly located properties.

16 Miscellaneous Considerations

16.1 First Floor Retail Premises

In some locations there may be retail users located only on first floors, who have retail planning permission. As with any valuation, the starting point should be the rent. If possible, a reduction factor for first floor only premises should be calculated by comparing rents between those premises and ground floor only shops.

In locations where there are also first floor office users it may well be the case that retail users are paying a premium. Again this should be established using rental evidence and in these locations the overall rate adopted should not fall below the relevant "office" £/m.

If in doubt, staff should consult a Divisional Valuer.

16.2 Hybrid Valuation

In some instances it may be appropriate to undertake a Hybrid approach to the valuation of retail premises. This should be restricted to clear cut cases.

In the majority of cases the occupier will own the retail unit and the floors of offices above. The offices above first floor are clearly of an office character and out of proportion to the type of ancillary accommodation normally occupied by retailers in the area. There will almost invariably be an alternative means of access to that through the shop. The user normally occupies the ground floor as a public office. The basement and first floor usually have good access from the ground floor and provide storage, staff, toilet and office accommodation servicing the public office similar to the ancillary accommodation found in a standard retail unit. The upper floors are generally self-contained and of quite a different "office" character.

By valuing the ground, basement and first floors as a retail unit using the shop scheme of valuation and adding to that figure the value of the remaining floor calculated using the office scheme of valuation, the resultant hybrid valuation has been accepted as a means of appropriately valuing the Unum Quid. The same approach may be adopted in other similar circumstances, but only where there is a separate means of access, a clear distinction in the character of the accommodation and an obvious different function being performed.

17 Rounding

START VALUE	END VALUE	ROUND DOWN TO NEAREST *
0	50	1
51	100	5
101	500	10
501	1,000	25
1,001	5,000	50
5,001	100,000	100
100,001	250,000	250
250,001	500,000	500
500,001	1,000,000	1,000
1,000,001 and above		5,000