

# 2026 REVALUATION

## Revaluation 2026 VALUATION OF SHOPS

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## **1.0 INTRODUCTION**

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

## **2.0 SUBJECTS INCLUDED**

### **2.1 Shops**

All properties having the physical characteristics of a shop and generally used for retail trade ie 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.

### **2.4 Cafes** (without full kitchens)

Properties which physically resemble shops are often used for "cafe" purposes. Consideration should be given to planning use and physical adaptation. Where there is no full kitchen for serving hot food, cafes should be valued with reference to this Practice Note

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### **2.5 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.

These subjects are valued on a NIA basis, based upon their rental evidence. In the absence of rental evidence in the locale, then consideration should also be given to evidence from similar locations.

It is no longer as important for take aways to be situated in prominent locations as many orders are now by phone or internet.

### **3.0 SUBJECTS EXCLUDED**

#### **3.1 Restaurants/Cafés**

Restaurants, cafés and snack bars that hold **Class 3 planning consent and have hot food provision with full kitchen**, 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 Lothian Valuation Joint Board Valuation of Restaurants Practice Note.

#### **3.2 Supermarkets**

Supermarkets will be valued on a gross internal area basis in accordance with SAA Valuation of Supermarkets Practice Note.

#### **3.3 Large Shops and Department Stores**

Department Stores and other similar large shops will be valued on a gross internal basis in accordance with SAA Practice Note Valuation of Department Stores.

#### **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 Practice Note Valuation of Retail Warehouses.

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 Shopping Centres**

Shopping centres are valued on a gross internal basis. Rates and relevant quantum applied are derived from local rental evidence for individual shopping centres and reflect levels of value in each specific location.

#### **3.6 Co-located Pharmacies**

Pharmacies are property's which are co-located at health centres/ surgeries or similar. The description and approach is not appropriate to subjects which are not co-located, for example, those located in a retail parade which have the same character as adjacent retail units, for example, in a High Street location.

There are obvious benefits to being co-located with a medical practice(s). Rental analysis supports this, and therefore an adjustment based on number of patients has been adopted, with the norm taken at 10,000. The basic rate shall be taken at £300/sqm on a GIA basis.

The adjustment Table is shown below. The patient numbers have been taken for the 1<sup>st</sup> April 2025.

| Patient Numbers | Factor |
|-----------------|--------|
| 0               | 0.90   |
| 2000            | 0.92   |
| 4000            | 0.94   |
| 6000            | 0.96   |
| 8000            | 0.98   |
| 10000           | 1.00   |
| 12000           | 1.02   |
| 14000           | 1.04   |
| 16000           | 1.06   |
| 18000           | 1.08   |
| 20000           | 1.10   |
| 22000           | 1.12   |
| 24000           | 1.14   |
| 26000           | 1.16   |
| 28000           | 1.18   |
| 30000           | 1.20   |

In addition, a further check is done on prescription numbers, as these also are shown to drive rental values.

The following table is reflective of this, and interpolated accordingly.

| Average Prescription Per Patient | Adjustment |
|----------------------------------|------------|
| 4.5                              | +25%       |
| 2                                | 0%         |
| 0.5                              | -25%       |

### 3.7 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** (internal guidance).

## 4.0 SURVEY

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

## 5.0 MEASUREMENT

Most properties valued in line with this instruction are to be valued to Net Internal Area. Where this is not the case it is stated in this instruction.

## 6.0 ZONING

The comparative principle of valuation applies to the valuation of shops. It 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. 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.

|                            |              |
|----------------------------|--------------|
| <b>Zone "A"</b>            | <b>1.0</b>   |
| <b>Zone "B"</b>            | <b>0.5</b>   |
| <b>Zone "C"</b>            | <b>0.25</b>  |
| <b>Zone "D" and beyond</b> | <b>0.125</b> |

### 6.5 Properties which are not zoned

Properties include large shops, pharmacies and properties located in a shopping centre and at other locations. The above factors do not apply.

## 7.0 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** ie 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 eg 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 paragraph 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 and property circumstances.

### **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<br>PARTITION RF<br>(PERCENTAGE)<br>DEPENDENT 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 ) <b><i>of markedly</i></b><br>* Plant Room ) <b><i>inferior standard</i></b><br>* Boiler Rooms ) <b><i>to the stores above</i></b> | 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 (internal guidance). 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 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.

- 7.4/** In cases where an addition is to be made to reflect return frontage, this should be undertaken in accordance with **Survey Guidance Note 5** (internal guidance).

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.

## 8.0 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<br>Code 'S' | Hoist Code<br>'H' +5% | Goods Lift<br>Code 'GL'<br>+5% | Public Lift<br>Code 'PL'<br>+10% | Escalator<br>Code 'E'<br>+20% |
|---------------|------------------------|-----------------------|--------------------------------|----------------------------------|-------------------------------|
| Basement      | 0.1                    | 0.105                 | 0.105                          | 0.11                             | 0.12                          |
| First Floor   | 0.1                    | 0.105                 | 0.105                          | 0.11                             | 0.12                          |
| Second Floor  | 0.05                   | 0.052                 | 0.052                          | 0.055                            | 0.06                          |

|                       |       |       |       |       |      |
|-----------------------|-------|-------|-------|-------|------|
| Third Floor and above | 0.025 | 0.026 | 0.026 | 0.027 | 0.03 |
|-----------------------|-------|-------|-------|-------|------|

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** (internal guidance) 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 0.1 for storey x a quality RF of 0.25 = final RF of 0.025.

## 9.0 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/m<sup>2</sup> 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 m<sup>2</sup> shall be applied to give the initial total value.

## 10.0 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 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.

#### 10.4 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 bridge 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.

#### 10.5 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.

#### 10.6 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%.

## **10.7 Internal: Inferior Finishes**

In modern shopping developments the internal finish, apart from essential fitting out ie 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%.

## **10.8 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%.

### **10.8.1 Air Conditioning**

All types of air conditioning which is not a feature reflected in the rents of a typical unit should be valued at £10/m<sup>2</sup>. The rate applies only to the actual area of the unit benefiting from air conditioning.

### **10.8.2 Sprinklers**

Where sprinklers are not a feature reflected in the rents of a typical unit in the location, should be valued at £7/m<sup>2</sup>. The rate applies only to the actual area of the unit benefiting from sprinklers.

## **10.9 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.

## **10.10 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% may 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% may be applied. A complete absence of nearby facilities may merit a 10% reduction.

## **10.11 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.

## **11.0 QUANTUM/INVERSE QUANTUM**

Where appropriate, adjustments for Quantum should be applied in accordance with **17. QUANTUM/INVERSE QUANTUM TABLE**.

In certain locations the valuation rate may include quantum or inverse quantum. If the valuation rate includes quantum it is not appropriate to apply any further quantum or inverse quantum adjustments.

## **12.0 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.

## **13.0 DEVALUATION OF RENTS**

By application of SAA Adjustment of Rents Practice Note, 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/m<sup>2</sup>.

Where appropriate it is essential that adequate adjustment is made to reflect valuation additions or deductions in the devaluation of shop rents **before** the determination of basic rates.

## **14.0 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 group of streets at a location.

There may 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.

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/m<sup>2</sup> 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. It is very important that checks are made to ensure that the basic rate does not already reflect the factor(s).

### **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 eg 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.

## **15.0 MISCELLANEOUS CONSIDERATIONS**

### **15.1 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.

### **15.2 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.

For the avoidance of doubt, a hybrid approach does not imply the subject suffers from any particular disadvantages and therefore an end allowance should **not** be applied. Any physical disabilities should be considered in accordance with section 10 shown above.



## 16.0 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                   |

## 17.0 QUANTUM/INVERSE QUANTUM TABLE

| Ratio Reduced Area/Precinct norm | Quantum | Ratio Reduced Area/Precinct norm | Quantum | Ratio Reduced Area/Precinct norm | Quantum |
|----------------------------------|---------|----------------------------------|---------|----------------------------------|---------|
| 0 - 1.5                          | 0.00%   | 2.01                             | -6.80%  | 2.52                             | -13.60% |
| 1.51                             | -0.13%  | 2.02                             | -6.93%  | 2.53                             | -13.73% |
| 1.52                             | -0.27%  | 2.03                             | -7.07%  | 2.54                             | -13.87% |
| 1.53                             | -0.40%  | 2.04                             | -7.20%  | 2.55                             | -14.00% |
| 1.54                             | -0.53%  | 2.05                             | -7.33%  | 2.56                             | -14.13% |
| 1.55                             | -0.67%  | 2.06                             | -7.47%  | 2.57                             | -14.27% |
| 1.56                             | -0.80%  | 2.07                             | -7.60%  | 2.58                             | -14.40% |
| 1.57                             | -0.93%  | 2.08                             | -7.73%  | 2.59                             | -14.53% |
| 1.58                             | -1.07%  | 2.09                             | -7.87%  | 2.6                              | -14.67% |
| 1.59                             | -1.20%  | 2.1                              | -8.00%  | 2.61                             | -14.80% |
| 1.6                              | -1.33%  | 2.11                             | -8.13%  | 2.62                             | -14.93% |
| 1.61                             | -1.47%  | 2.12                             | -8.27%  | 2.63                             | -15.07% |
| 1.62                             | -1.60%  | 2.13                             | -8.40%  | 2.64                             | -15.20% |

|      |        |      |         |      |         |
|------|--------|------|---------|------|---------|
| 1.63 | -1.73% | 2.14 | -8.53%  | 2.65 | -15.33% |
| 1.64 | -1.87% | 2.15 | -8.67%  | 2.66 | -15.47% |
| 1.65 | -2.00% | 2.16 | -8.80%  | 2.67 | -15.60% |
| 1.66 | -2.13% | 2.17 | -8.93%  | 2.68 | -15.73% |
| 1.67 | -2.27% | 2.18 | -9.07%  | 2.69 | -15.87% |
| 1.68 | -2.40% | 2.19 | -9.20%  | 2.7  | -16.00% |
| 1.69 | -2.53% | 2.2  | -9.33%  | 2.71 | -16.13% |
| 1.7  | -2.67% | 2.21 | -9.47%  | 2.72 | -16.27% |
| 1.71 | -2.80% | 2.22 | -9.60%  | 2.73 | -16.40% |
| 1.72 | -2.93% | 2.23 | -9.73%  | 2.74 | -16.53% |
| 1.73 | -3.07% | 2.24 | -9.87%  | 2.75 | -16.67% |
| 1.74 | -3.20% | 2.25 | -10.00% | 2.76 | -16.80% |
| 1.75 | -3.33% | 2.26 | -10.13% | 2.77 | -16.93% |
| 1.76 | -3.47% | 2.27 | -10.27% | 2.78 | -17.07% |
| 1.77 | -3.60% | 2.28 | -10.40% | 2.79 | -17.20% |
| 1.78 | -3.73% | 2.29 | -10.53% | 2.8  | -17.33% |
| 1.79 | -3.87% | 2.3  | -10.67% | 2.81 | -17.47% |
| 1.8  | -4.00% | 2.31 | -10.80% | 2.82 | -17.60% |
| 1.81 | -4.13% | 2.32 | -10.93% | 2.83 | -17.73% |
| 1.82 | -4.27% | 2.33 | -11.07% | 2.84 | -17.87% |
| 1.83 | -4.40% | 2.34 | -11.20% | 2.85 | -18.00% |
| 1.84 | -4.53% | 2.35 | -11.33% | 2.86 | -18.13% |
| 1.85 | -4.67% | 2.36 | -11.47% | 2.87 | -18.27% |
| 1.86 | -4.80% | 2.37 | -11.60% | 2.88 | -18.40% |
| 1.87 | -4.93% | 2.38 | -11.73% | 2.89 | -18.53% |
| 1.88 | -5.07% | 2.39 | -11.87% | 2.9  | -18.67% |
| 1.89 | -5.20% | 2.4  | -12.00% | 2.91 | -18.80% |
| 1.9  | -5.33% | 2.41 | -12.13% | 2.92 | -18.93% |
| 1.91 | -5.47% | 2.42 | -12.27% | 2.93 | -19.07% |
| 1.92 | -5.60% | 2.43 | -12.40% | 2.94 | -19.20% |
| 1.93 | -5.73% | 2.44 | -12.53% | 2.95 | -19.33% |
| 1.94 | -5.87% | 2.45 | -12.67% | 2.96 | -19.47% |
| 1.95 | -6.00% | 2.46 | -12.80% | 2.97 | -19.60% |
| 1.96 | -6.13% | 2.47 | -12.93% | 2.98 | -19.73% |
| 1.97 | -6.27% | 2.48 | -13.07% | 2.99 | -19.87% |
| 1.98 | -6.40% | 2.49 | -13.20% | 3    | -20.00% |
| 1.99 | -6.53% | 2.5  | -13.33% | 3.01 | -20.01% |
| 2    | -6.67% | 2.51 | -13.47% | 3.02 | -20.02% |
|      |        |      |         |      |         |

| Ratio to norm | Quantum |  |
|---------------|---------|--|
| 3.03          | -20.3   |  |
| 3.04          | -20.4   |  |

|      |       |
|------|-------|
| 3.05 | -20.5 |
| 3.06 | -20.6 |
| 3.07 | -20.7 |
| 3.08 | -20.8 |
| 3.09 | -20.9 |
| 3.1  | -21   |
| 3.11 | -21.1 |
| 3.12 | -21.2 |
| 3.13 | -21.3 |
| 3.14 | -21.4 |
| 3.15 | -21.5 |
| 3.16 | -21.6 |
| 3.17 | -21.7 |
| 3.18 | -21.8 |
| 3.19 | -21.9 |
| 3.2  | -22   |
| 3.21 | -22.1 |
| 3.22 | -22.2 |
| 3.23 | -22.3 |
| 3.24 | -22.4 |
| 3.25 | -22.5 |
| 3.26 | -22.6 |
| 3.27 | -22.7 |
| 3.28 | -22.8 |
| 3.29 | -22.9 |
| 3.3  | -23   |
| 3.31 | -23.1 |
| 3.32 | -23.2 |
| 3.33 | -23.3 |
| 3.34 | -23.4 |
| 3.35 | -23.5 |
| 3.36 | -23.6 |
| 3.37 | -23.7 |
| 3.38 | -23.8 |
| 3.39 | -23.9 |
| 3.4  | -24   |
| 3.41 | -24.1 |
| 3.42 | -24.2 |
| 3.43 | -24.3 |
| 3.44 | -24.4 |
| 3.45 | -24.5 |
| 3.46 | -24.6 |
| 3.47 | -24.7 |
| 3.48 | -24.8 |
| 3.49 | -24.9 |
| 3.5  | -25   |

|      |     |  |
|------|-----|--|
| >3.5 | -25 |  |
|------|-----|--|