



***Renfrewshire Valuation Joint Board***

***Standard Shop Practice Note***

***Revaluation 2023***

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## 1.0 General

**When making an allowance or addition the valuer's primary source of evidence should be the analysed rents or cost evidence, not this practice note.**

These instructions apply to the valuation of shops and shop type subjects and should be used in conjunction with the Scottish Assessors Association, Basic Principles Committee Report No. 1 – Adjustment of Rents.

Shops are valued using the comparative method of valuation. This involves an analysis of passing rental information to establish a unit of comparison normally expressed as the zone A rate.

The zone A rate is then applied to the reduced area of the shops covered by the analysis.

This rate will reflect the characteristics of the normal shop unit in the locality being valued. It is the analysis which will normally determine the extent to which any variances from the norm such as better/poorer access for loading, better/poorer quality of finishes, larger or smaller size, which may add to or reduce the value of any particular property. **However, to establish the allowance/addition the valuer must analyse the rents passing.**

In modern developments there is a tendency for standard shop units to be let on a non-zoned basis. The valuer should be aware of the landlords letting policy and determine which approach is best supported by the rental evidence.

Special consideration should be given to the valuation of subjects operating on first floors above shopping parades where it may be appropriate to apply rates derived from other first floor users.

## 2.0 Valuation Roll Descriptions

All descriptions must conform to the *'List of Categories, Class and Subject Types'* and reflect the actual use of the property.

### 3.0 Rates to be used

Rates to be applied will be derived from an analysis of rental evidence at, or adjusted to, Tone Date. (Scottish Assessors Association, Basic Principles Committee Report No. 1 - 'Adjustment of Rents').

**All rates will be applied to the total reduced area.**

### 4.0 Measurement

All shops are to be measured on a gross internal basis including all walls up to 15mm thick.

Care should be taken to ensure that all shops are measured from the building line which is not necessarily the plate glass front; in some modern developments a brass strip delineates the actual frontage line.

In some modern developments you may also find that shop fronts extend beyond the building line (generally known as pop-outs). Analysis of rental evidence will determine how pop-outs are treated and how much value they add to the shop unit.

**All areas should be measured, and areas calculated irrespective of whether or not they are eventually included in the valuation.**

### 5.0 Calculation of Areas

5.1 It is generally recognised shops will normally be valued by application of the zoning principle. If you are applying the zoning principle the ground floor areas will be calculated on 9 metre zones with the following reduction factors. **The valuer must use his/her discretion to ensure that a reasonable value is brought about by the zoning method.**

<b>Zone</b>	<b>Reduction Factor</b>
Zone A	100%
Zone B	50%
Zone C	25%
Zone D and beyond	12.5%
Other Floors	See paragraph 6

- 5.2 Areas of similar use but with different finishes should be calculated separately. For example, on the first floor there may be storage area and staff facilities, in this case the areas of each should be calculated separately.
- 5.3 Where there is an entrance from another shopping street, the value of parts of the shop may be higher when zoned from that street and appropriate adjustments should be made. This may be done using zoning from the second frontage or by an end addition for a return frontage.
- 5.4 The table below details areas which should be excluded from the valuation.

<b>Description</b>	<b>Notes</b>
Plant Rooms	Process plant rooms at dry cleaners/bakers/etc should remain in the value
Lifts	All lifts
Fire Escapes & Fire Escape Corridors	Must be used exclusively for this purpose
Stairs	Irrespective of who uses them, areas beneath stairs above 1.5m <sup>2</sup> in height should be included
Pillars & Structural Walls	All pillars and structural walls
Some Toilets	Dependent on analysis

## 6.0 Floor Reduction Factors

- 6.1 These should generally be derived from local rental evidence. Demand for first floor space particularly for retail use will vary from location to location. The type of access will be a significant factor in the use which can be made of ancillary floors. Floors suitable for sales will normally require a good quality finish, a staircase suitable for customer flow and a lift. Without these, these areas will normally be suitable for staff accommodation or storage.

The adjustment recommended below should not be applied blindly where local evidence suggests something to the contrary.

Floor	Sales Area	Unsuitable for Sales (similar finish)	Unsuitable for Sales (poorer finish)
Basement	10%	9%	8%
Ground	100%	100%	Paragraph 7
First	10%	9%	8%
Others		At Discretion	At Discretion

6.2 Where the area of upper floors significantly exceeds the total area of the ground floor it may be appropriate to make a further allowance to reflect this. A normal unit shop is unlikely to need ancillary floor space greater than the area of the ground floor. In applying such an allowance care must be taken to ensure the allowance does not result in a valuation lower than that for the ground floor alone or of a similar shop with a normal sized ancillary floor.

## 7.0 Lack of Finish on Ground Floor

Like all allowances or additions these will only be appropriate where the rate assumes a particular standard of finish.

Where an area of a shop on the ground floor is in an unfinished or partly unfinished state an allowance of up to 10% may be granted.

**The adjustment recommended below should not be applied blindly where local evidence suggests something to the contrary.**

## 8.0 Deductions/Additions

Prior to granting any allowance the valuer should check the zoning of the shop. It may be the disability has been taken account of at the zoning stage and therefore it is unlikely further adjustment is required.

Description	Deduction	Note
Lateral Wall	Maximum -5%	Applied to space affected
Structural Division Wall	Maximum -10%	Usually between front and back shop, area behind structural wall receives allowance
Steps	Maximum -5%	Applied to area which is higher or lower than sales area, never applied when the change in floor area is a design feature
Pillars	Maximum -5%	Pillars must have a serious effect on the value of the space affected
Awkward Shape	Maximum -5%	Applied to area affected, <b>only if not taken into account in zoning</b>
Blank Frontage	Maximum -10%	Only if structural, allowance made to the area behind the blank frontage
No Toilet	Maximum -5%	Where the unit has no toilet access
Shared Toilet	Maximum -2.5%	Where the unit has a shared toilet

Description	Addition	Note
Return Frontage	Maximum +10%	Added to the total sales area which benefits from the return frontage
Air Conditioning	£9 m <sup>2</sup>	Added to the area which benefits from air conditioning
Fitting Out	Evidence Analysed	Applied to units let as shell and fitted out by the tenant, if maybe appropriate to depreciate the fit out addition
Modernity	Maximum +10%	Applied to a modern shop in a stretch of older shops
Pertinent (Car Parking/Store)	See Notes	Valued in accordance with local evidence, if not included in reduced area

## 9.0 Quantum

This is very much a matter where consideration of the local rental evidence is paramount. Demand for different sizes of unit will vary from location to location. The level of quantum for a given range of shops will be dependent on the rental analysis for that area, and whether quantum should be applied.

Larger shops may come into the large shop category.

**If it is considered appropriate to apply quantum the calculation should be based on the reduced area, not the measured area.**

## 10.0 Final End Allowances

In some circumstances it may be appropriate to apply a final end allowance to all parts of the valuation, including air conditioning, sprinklers, pertinent etc. This allowance should be granted on the total value.

## 11.0 General Comment

There may be exceptional circumstances which are not covered by this practice note and which require special treatment.

Above all it should be noted that these instructions are for guidance only. There will be circumstances where the valuer must exercise his/her own skill and judgement.

## 12.0 Plant and Machinery

Any plant and machinery in these subjects which is rateable, and not included within the rate, should be valued by reference to the relevant cost guide e.g. CCTV.