



MISCELLANEOUS PROPERTIES COMMITTEE

Practice Note 27

REVALUATION 2005

Valuation of Visitor Attractions

1.0 INTRODUCTION

This practice note should be used for the valuation of tourist and visitor attractions. These terms can be applied to a wide variety of subjects but may include zoos, safari parks, wildlife centres, aquaria, amusement parks and theme parks. It may also be appropriate to apply the same approach to other subjects such as interpretative historic attractions where the building, or site itself, forms part of the subject matter.

It may be appropriate in some cases to identify different purposes of occupation in identifiably different parts of the property. Even where occupied by the same or related occupier it may be necessary after considering all of the circumstances to make separate entries. For instance the presence of a pay boundary excluding a restaurant or shop combined with other factors, such as a distinction between the clientele visiting the attraction and those using the restaurant or shop, may lead to making separate entries for the restaurant/shop.

2.0 BASIS OF VALUE

It is recommended that this category of subject should be valued on the comparative basis by reference to gross receipts. If the subjects are not occupied with the intention of maximising income/profit then consideration should be given to an alternative approach. Where separate entries are appropriate for shops, restaurants, etc. the separate parts should be valued in accordance with normal practice for such subjects.

2.1 General

Subjects should be valued within the range of 4% to 10% of gross receipts to NAV in accordance with the table at 2.3 below.

2.2 Calculation of Gross Receipts

Gross receipts should include all entrance fees, reimbursement of free entrance for members and promotions, car parking etc. Income from shops, restaurants, etc. should only be included in gross receipts if separate entries are not to be made for such parts of the lands and heritages. At this stage do not include franchise fees or the gross income from franchised operations (see below at 2.4).

In cases where opening times are voluntarily restricted in a way which appears out of line with similar properties, notional gross receipts should be adopted by comparison with those other properties.

Gross receipts are being used in this method as an indicator of the suitability of the subject for its purpose and as a general comparator. Significant levels of income from a shop or restaurant should be dealt with carefully to ensure that the percentage adopted produces a valuation that is reasonable in relation to any similar shop or restaurant nearby.

2.3 Recommended percentage of Gross Receipts to NAV

	Animal Parks, Farm Parks, "Themed" interpretative centres	Zoos, Aquaria, Safari Parks	Theme Parks & modern "High Tech" attractions
Poor	4%	5%	6%
Average	5%	6%	8%
Good	6%	7%	10%

Generally speaking the upper level would apply to a property that has relatively low overheads and a higher turnover. The above table gives guidance on the typical percentages to be applied in various examples. Care should be taken in rigidly applying a single percentage to any one class of property. These subjects have relatively fixed costs, and the marginal change in profitability can be significant as turnover increases.

2.4 Franchise Fees

Any franchise fees received should be added direct to NAV at 50%, and not included with gross receipts.

2.5 Rental Information

Where local rents are available they may provide useful evidence of value. Care must be taken however as rents will often disregard tenants improvements and will require considerable adjustment. The resultant valuation should be expressed as a percentage of gross receipts and checked against other subjects.

2.6 Accounts Information

Where detailed accounts are available it may be possible to carry out a full "receipts and expenditure" valuation. This would provide a useful check, particularly where it is proposed to vary the table above in special circumstances that are particular to an individual subject.