



Scottish Assessors Association

COMMERCIAL PROPERTIES COMMITTEE

Practice Note 3

REVALUATION 2005

Valuation of Banks and Building Societies

1.0 INTRODUCTION

This practice note applies to the valuation of premises occupied by banks and building societies which have the characteristics of shops or offices.

2.0 BASIS OF VALUATION

All subjects in this group should be valued using the comparative principle. Rents should be analysed in terms of Basic Principles Committee, Practice Note 1.

If sufficient rental evidence is found in any valuation area to allow banks and building society offices to be valued by reference to their own rental evidence then this evidence should be followed. Where no such evidence is available, subjects should be valued using rental evidence derived from shops or offices.

3.0 SURVEY AND MEASUREMENT

Subjects should be measured in accordance with local practice for the type of subject with which the premises occupied by the bank or building society may most readily be compared.

4.0 SUBJECTS VALUED IN COMPARISON WITH SHOPS

These subjects should be zoned and valued in accordance with local practice and allowances.

In common with other retail subjects valued on the comparative basis regard must be had to the character of the subjects contributing to the rental evidence. Departures above or below those from which the Zone A evidence is derived should be reflected in the valuation. The principal areas where adjustment may be required are generally quality and frontage. Other adjustments may be required to reflect services.

4.1 **Quality and Fit Out**

If the quality of finish is clearly superior or inferior to the norm for a particular precinct, this should be reflected by additions or deductions in line with those applied to other retail subjects.

4.2 **Frontage**

Banks and building societies have continued with the move towards financial services retailing as cash handling decreases in significance. Accordingly the use of standard retail units with fully glazed/open frontages is becoming more commonplace. Frontages of banks and building societies should therefore be treated in a similar fashion to other retail subjects in a particular precinct.

There remain a large number of bank and building society premises which do not feature modern fully glazed frontages. They range from older traditional frontages to heavy or fortress styles of frontage with classical columns, a number of steps and windows set at a high level. These frontages will require careful consideration and evidence may be available from former bank premises now occupied by other retailers within the locality.

Where local evidence is not available and the Zone A rate is derived from modern retail units, the allowances shown below may be applied to reflect the impact of the frontage and access.

Banks with older traditional frontages – allowances of 5% up to 7½%.

Banks with house style frontages – allowances of 7½% up to 10%.

Banks with heavy frontages – allowances of 10% up to 20%.

If a frontage has been adapted to permit 2 or more external through the wall ATMs to be operated, consideration may be given to tempering the frontage allowance by up to 2.5%. This adjustment to the frontage allowance should only be made where the zone A rate is at least £1,000 and the proposed frontage allowance prior to adjustment to reflect the ATMs is at least 10%. Valuers should note that the existence of internal ATMs within a lobby with 24hr access should not be confused with external through the wall ATMs.

5.0 **SUBJECTS VALUED IN COMPARISON WITH OFFICES**

These subjects should be valued in comparison with offices in the vicinity, unless there is sufficient specific rental evidence to allow valuation by reference to rents derived from banks or building societies located in property having the character of an office.

6.0 STRONGROOMS AND BOOKROOMS

Most strongrooms and bookrooms were constructed before the advent of centralised cash handling, automated telling machines and computerised account records. The need for such accommodation in branches has largely disappeared. Additions should only be made where strongrooms/bookrooms are required to be secure within the context of modern banking practice and not utilised merely because they exist. They should be measured on a net internal basis and will normally be valued as storage accommodation.

It is unlikely that strongrooms will be situated in Zone A, but if so, no enhancement should be made to the rate applied unless it is still in use for the storage of cash. Any addition is likely to be offset by allowances for layout or thick walls.

7.0 PLANT & MACHINERY – SERVICE PLANT

An addition for service plant such as heating/air conditioning may be made providing rents have been devalued to exclude such plant.

8.0 ATMs

ATMs are not rateable plant, however the practice of showing in the Roll the site occupied by an ATM where it is in separate rateable occupation to the host premises is well established. In the case of banks and building societies, any on-site ATMs are invariably in the same rateable occupation of the host premises, accordingly separate entry in the Roll is not appropriate. The floor area taken up by any on-site ATMs should be valued in line with appropriate Zone A rate and Zone reduction factor/ office rate.

9.0 ANCILLARY ACCOMMODATION & PERTINENTS

9.1 Hybrid Valuations

Where the subjects are in the nature of retail premises a retail approach to the ancillary accommodation on upper floors should be adopted except when the ancillary accommodation is utilised as office accommodation of sufficient quality and extent that the local evidence would support a hybrid approach to the valuation with the ground floor and possibly basement valued on a retail basis and upper floors valued by reference to office rates. Allowances may need to be made to reflect the hybrid nature of the valuation rather than the two components of the valuation being simply aggregated.

9.2 Car Parking

Car parking spaces for staff or customers should be valued in line with local evidence.

10.0 DESCRIPTION

Subjects which are in the character of a bank, regardless of whether they are occupied by a PLC or mutual society should be given the description 'Bank'.