



Scottish Assessors Association

COMMERCIAL PROPERTIES COMMITTEE

Practice Note 2

REVALUATION 2005

Valuation of Food Kiosks at Shopping Malls

1.0 INTRODUCTION

This practice note refers to Food Kiosks in Shopping Centres.

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.

Rents for Food Kiosks in Shopping Centres are often achieved as a result of “bid rents” from tenants. Consideration is normally given to the level of turnover that is expected to be achieved with the “bid rent” being the base rent and when the turnover exceeds a threshold figure either a percentage enhancement is made to the base rent or the annual rent is calculated entirely on a percentage of turnover.

Another approach is where the whole Food Court is let to one operator for a rent. The operator will usually occupy and operate some of the Kiosks and sub-let the remainder on a lease or licence basis to other operators.

The actual rents paid for the 3 years up to and including “tone” should be analysed.

Where the only information known is the base rent and turnover figures, the following procedure should be carried out.

Consider the level of turnover for the Kiosks for the 3 years up to and including “tone”.

To the turnover figure ascertained apply a percentage to arrive at an estimate of rent. This percentage should be determined by comparison to the local Shopping Centre evidence. In the absence of information regarding the actual percentage, high turnover traders should be taken at 8% of turnover, and the other traders at 12½% of turnover.

Care must be taken that rents, either actual or estimated, are adjusted where necessary if they include service charges, VAT or rates, to produce a net rent.

3.0 SURVEY AND MEASUREMENT

Total gross internal area (including storage space) should be ascertained.