



## **MISCELLANEOUS PROPERTIES COMMITTEE**

### **Practice Note 17**

### **REVALUATION 2005**

### **Valuation of Licensed Touring Caravan and Camping Sites**

#### **1.0 INTRODUCTION**

This Practice Note applies to the valuation of licensed touring caravan and/or camping sites. This instruction should not be used where the touring pitches form part of a Static Leisure Caravan Site (Refer to Practice Note 18).

#### **2.0 BASIS OF VALUATION**

The value of a touring caravan/camping site must relate to the level of occupancy of the site and consequently to the level of receipts derived from the site. The valuation is therefore based on the receipts and expenditure method. In order to avoid the necessity of detailed consideration of accounts for every site, sample accounts have been analysed in order to produce a percentage of gross income to represent net annual value.

##### **2.1 Income to be utilised**

###### **2.1.1 Touring and Tenting Income**

Receipts (NET of VAT) from the use of the pitches in respect of the 2002 season. Fees for winter storage should also be included.

The valuer should not 'blindly' use the 2002 receipts. Examination of previous years receipts should be made, to ensure that the 2002 receipts reflect normal sustainable occupancy. If the valuer is not so satisfied then an adjustment either up or down to the 2002 actual income may be required.

### 2.1.2 Income from Revenue Producing Buildings and other Activities Operated by Site Proprietor

Gross receipts (NET of VAT) for the 2002 season from revenue producing buildings and other activities on the site, less the cost of purchases and cost of entertainment where relevant. This will include income from retail outlets, bars, restaurants, use of electricity and from sale of bottled gas.

As with the income from the pitches, the valuer should be satisfied that the 2002 season's income is derived from a 'normal' occupancy rate for the site. If the valuer is not so satisfied then an adjustment either up or down to the 2002 actual income may be required to reflect normal occupancy.

### 2.1.3 Income from Concessions and Franchises

Income, by way of concessions or franchises, received from the use of buildings or land, will be added direct to net annual value. The amount will be subject to adjustment to reflect the site operator's liability for repairs, insurance and services. The amount to be added will normally be 50% of the concession or franchise fee.

## 2.2 Percentages to be Applied to Income at 2.1.1 and 2.1.2

Net Annual Value will be assessed at between 15.5% and 20% of Gross Income. The range of percentages is to reflect the outgoings that the hypothetical tenant would reasonably expect to incur i.e. a bare grass field with no roads and facilities and hence modest outgoings will be valued towards the upper end of the scale.

## 2.3 Application of Percentages

<b>Very Basic Site – no roads, grass pitches only, no electric hook-ups, no reception buildings and only basic toilet/shower facilities</b>	<b>20% to 19%</b>
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	<b>Basic Site Roads, Toilets/ Showers Temporary Reception</b>	<b>Average Park Reception And Shop Decent Toilets/Showers</b>	<b>As Previous plus Small Club</b>	<b>As Previous with more Extensive Buildings</b>	<b>As previous plus Indoor Pool</b>
<b>Over 50% of pitches with electrical hook-up facility</b>	18%	17%	16.5%	16%	15.5%
<b>Under 50% of pitches with electrical hook-up facility</b>	18.5%	17.5%	17%	16.5%	16%

The above is a guide only and interpolation, in 0.5% stages, may be required. Features of a touring caravan/camping site affecting the net profitability should be considered in arriving at the percentage adopted. For example where the buildings and facilities are of a particularly high standard with low maintenance and running costs, the percentage applied may be increased by 0.5%. The percentage can also be reduced at a particular site where the annual outgoings are exceptionally high e.g. annual sums spent on preventing coastal erosion or flooding.

### **3.0 GENERAL**

- 3.1 When no questionnaire or accounts have been returned in respect of a particular site, the valuer will require to make an estimate of the sustainable gross receipts likely to have been achieved during the 2002 season. This can be done by comparing with actual receipts achieved at similar sites.
  
- 3.2 In applying this scheme to small basic touring sites the end values should be compared to the values of any nearby Certificated Locations (5CLs) to ensure that differences in value are appropriate.