



COMMERCIAL PROPERTIES COMMITTEE

Practice Note 23

REVALUATION 2005

Valuation of Car Showrooms

1.0 INTRODUCTION

This Practice Note provides recommendations for the valuation of both stand alone vehicle showrooms, and those which, along with ancillary buildings such as workshops, offices and toilets, form part of a larger subject. Consideration should be given where the property might reasonably be compared with local shops or retail warehouses, to valuing such subjects in comparison with those similar, adjacent properties.

2.0 BASIS OF VALUATION

This category of subject should be valued by application of the comparative principle.

3.0 GENERAL

The recent trend is towards motor parks, either in the form of a retail park, or along the same road as in Perth and Stirling. The design of the unit has developed with time. Franchise dealers who occupy older style showrooms, away from the main vehicle retailing area are coming under pressure to relocate.

4.0 SPECIFICATION

A typical showroom built post 1995, would have a double height display area, often with a balcony used as sales offices. Alternatively, such a showroom may have a high wallhead in the display area. The front is sheet glass, giving a prominent display. Internally, the floor is tiled, with wall finishes in facing brick or stone cladding. The standard of heating and lighting is very high. The showroom area will include offices and customer toilets finished to the same standard as the showroom.

Older showrooms are normally single storey, with prominent glass frontage, and finishes often to a similar standard as the modern units.

Old showrooms, usually in tertiary positions, have developed from previous workshop use with poor retail display and finishes similar in quality to industrial offices.

5.0 MEASUREMENT

Showrooms and ancillary offices/toilets should be measured on a gross internal basis. Workshops, stores, workshop offices and other uses should be measured on the same basis as comparable industrial buildings.

6.0 VALUATION

Rents from throughout Scotland have been analysed to provide basic rates which are recommended for the showroom element, where no local evidence is available.

The following rates should be applied to the sales area of a modern showroom, plus all ancillary offices and toilets finished to a similar standard.

Prime location e.g. Motor park/motor mile situation or other	£120-130
Prominent location in a large town or city	£100 - £120
Secondary location	£ 75 - £100
Poorest location	Up to £ 75

6.1 ADJUSTMENTS TO SHOWROOM VALUATION

6.1.1 Position

A showroom will normally face the main road, either directly or obliquely, and be visible from both directions along the road. Usually the location is behind a car display, or landscaped area. No allowance should be made for such a location.

Where a showroom is masked by other buildings, then an allowance of up to 10% may be appropriate.

6.1.2 Display/shape/access/quality

Where showrooms have poor display, an awkward shape, poor access for cars, split levels, or a poor standard of finish or services, or an old-fashioned design, allowances should be granted accordingly. Care must be taken in making allowances, which should be limited to an aggregated total of 25%. It may be useful to compare the end rate with the industrial office equivalent in that location.

6.1.3 Sales Offices

Offices entered from the showroom, and of a similar quality, should be valued at the same rate as the showroom.

6.1.4 Sales gallery

The modern style of showroom often has a balcony or gallery area used as sales office. This area should be valued at the same rate as industrial offices.

6.1.5 Age & Obsolescence

Franchise showrooms will be maintained to a high standard, and are normally upgraded every 5 years. Accordingly, no allowance should be made for any showroom that has been upgraded in the last five years. A sliding scale up to a maximum of 10% should be applied for upgrades between 5 and 10 years old.

Allowances over this may be appropriate where older showrooms no longer house a main franchise and have not been upgraded accordingly.

6.2 WORKSHOPS & ANCILLARIES

The standard of finish in these varies considerably from a basic industrial unit with painted floor and walls, to near showroom quality with tiled floor and walls. The recommendation is that the buildings and yard should be valued in comparison with similar industrial buildings. The analysis of the rates applicable to the showroom has been carried out on this basis.

6.3 SITE VALUATION

The rates applied to the showroom include the site on which it sits. The site surrounding the showroom is normally used for customer parking, vehicle storage, and often sales display.

6.4 SALES YARDS/DISPLAY AREAS

Some areas of land are clearly identified as being set aside as permanent sales areas, with a prominent frontage to the street and rental evidence shows enhancement should be made to the rate applied to this area. For prominent, permanent sales area a rate of 50% above the local yard rate is recommended. Care must be exercised in the treatment of sales areas, where there is insufficient storage/parking land remaining.

6.5 STORAGE/PARKING LAND

It is recommended that excess site used for parking and storage should be valued in line with local schemes of valuation for such subjects recognising the need for circulation space in subjects comprising all elements described within Section 6 of the practice note.

7.0 QUANTUM ADJUSTMENT

Where a showroom is part of a complex including workshops and offices, quantum may be applied if supported by local evidence, to all buildings including showrooms.