



COMMERCIAL PROPERTIES COMMITTEE

Practice Note 24

REVALUATION 2005

Valuation of Guest Houses

1 INTRODUCTION

This Practice Note provides guidance in the setting of appropriate value levels for those guest houses, or parts thereof, which remain appropriate for entry in the Valuation Roll.

2 BASIS OF VALUATION

Guest houses should be valued by application of the comparative method of valuation.

- 2.1 It is recommended that double bed unit (DBU) rates (as calculated from the table shown at 4 below) are applied to the guest accommodation having regard to the facilities available, the quality of the accommodation, the number of places on offer and the general and particular location of the premises. These rates should be derived from analysis of turnover and rents of guest houses and class 0/1 hotels. A sum should be added to reflect any licences to sell alcohol.
- 2.2 Where figures of actual turnover are available these may be used with enhancement to reflect year round trading – if that is the norm for the location – to arrive directly at Net Annual Value, or alternatively as a check upon values produced under 2.1.

3 THE RESIDENTIAL ACCOMMODATION

An apportionment note must continue to be shown in the Valuation Roll in respect of the residential and non-residential use made of these subjects. While the value to be added for residential accommodation has no practical use – other than as an indication that the non-domestic value is not the whole value of the property – it is nevertheless appropriate to ensure that it has some foundation.

It is recommended, therefore, that a notional number of double bed units for the accommodation occupied by family, staff and permanent guests be determined – based upon the size and occupancy capacity of all the rooms that they occupy (including bedrooms) – weighted if necessary to reflect any physical differences in the accommodation.

The residential value will be set at the product of the DBU rate times the number of DBUs determined above.

4 DOUBLE BED UNITS

A double bed unit total should be calculated for each guest house using the table below.

ROOM	RF En Suite	RF Without facilities	Size Guide
a) Double or Twin	1.00	0.75	10 - 20m ²
b) Single	0.70	0.45	Up to 10m ²
c) Family	1.25	1.00	20 – 30m ²
d) Suite – Standard	1.50	-	2 rooms or over 30m ²
e) Suite – Superior	2.00	-	2 rooms or over 30m ²