

COMMERCIAL PROPERTIES COMMITTEE

Practice Note 13

REVALUATION 2005

Valuation of Supermarkets, Superstores & Hypermarkets

1.0 INTRODUCTION

This practice note provides guidance with regard to Supermarkets, Superstores and Hypermarkets. Although originally these types of property were almost wholly food-orientated operations, this is no longer the case. Frequently the range of goods on offer will now include items such as ironmongery, clothing, footwear and electrical goods along with services such as post offices, dry cleaning, cafes and crèches. Nevertheless, there will remain an orientation towards food sales.

Standard retail shops, large shops of a non food nature, department stores and retail warehouses are not covered by this practice note and should continue to be zoned or valued on an overall basis as appropriate.

2.0 BASIS OF VALUATION

This category of subject should be valued by application of the comparative principle using rates/m² derived from the rentals of units of a similar location, size and character.

3.0 METHOD OF MEASUREMENT

Reduced areas should be calculated on a gross internal basis in accordance with the RICS code of measuring practice.

4.0 LOADING BAYS & CANOPIES ETC

The following reduction factors should be applied to loading bays and storage areas that form part of or are attached to the main building but have one or more open side:

- | | | |
|----|------------------|---------|
| a) | One open side | RF 0.75 |
| b) | Two open sides | RF 0.5 |
| c) | Three open sides | RF 0.25 |

Free standing canopies (no sides) used for storage or loading purposes should be valued at a reduction factor of 0.20.

Valuers discretion may be exercised when considering enclosed loading bays, storage areas and plant rooms which form separate buildings that are clearly of inferior construction. However, in these circumstances the reduction factor applied should not normally be less than 50%.

No value should be attached to external canopied walkways, bin stores or trolley stores etc. at the front of the store.

5.0 ANCILLARY FLOORS

It is normally considered acceptable for a small proportion of accommodation to be situated on ancillary floors provided that this does not exceed 10% of the ground floor area. However, where more than 10% of accommodation is situated on ancillary floors the following reduction factors should be applied:

- | | |
|---|---------|
| a) First 10% of accommodation . | RF 1.0 |
| b) Sales accommodation in excess of 10% of ground floor area | RF 0.75 |
| c) Storage / ancillary accommodation in excess of 10% of ground floor area. | RF 0.50 |

6.0 CAR PARKING

Car parking should be included within the basic rate applied to the supermarket/ superstore. There should be no further addition to reflect its presence. No reduction should be made where car parking is shared e.g. within a retail warehouse park.

7.0 PETROL FILLING STATIONS

Petrol filling stations should be valued in line with other petrol filling stations and added to the superstore valuation as unum quid. However, in addition to adding the value of the filling station, there is some evidence from the market indicating that the existence of a filling station also increases the value of the store element. Consideration should be given to the existence of this feature when comparing stores with / without filling stations.

8.0 TREATMENT OF CONCESSIONS

Many superstores and hypermarkets now have a number of kiosks or concessions situated within the store. Where these are considered to be in separate rateable occupation a separate entry should be created in the Valuation Roll. Clearly in these circumstances it will be necessary to exclude the physical area of the concession from the superstore valuation.