



COMMERCIAL PROPERTIES COMMITTEE

Practice Note 26

REVALUATION 2005

Valuation of Garden Centres

1.0 INTRODUCTION

During the past fifteen to twenty years garden centres have evolved and continue to evolve to become significant retail outlets. This practice note provides guidance with regard to the valuation of garden centres selling shrubs, plants, trees and associated merchandise as well as other retail goods. Garden Centres attached to retail warehouses are dealt with in Practice Note 6 – Valuation of Retail Warehouses.

2.0 BASIS OF VALUATION

2.1 General Approach to Valuation

Garden Centres are valued on the comparative basis. Rents have been analysed in terms of the Scottish Assessors' Association Basic Principles Committee Practice Note 1.

2.2 Extent of Subject to be Valued

This type of subject frequently comprises two elements:

- (a) Glasshouses and land used for raising plants, shrubs and trees and to which the public are denied access.

These areas are horticultural and should not be valued (see sections 7(2) and (3) of the Valuation for Rating (Scotland) Act 1956 (as amended)), "No agricultural lands and heritages shall be entered in the Valuation Roll". The definition of agricultural lands and heritages includes "Market Gardens" and the definition of agricultural buildings includes buildings "being or forming part of a Market Garden".

- (b) Buildings, glasshouses and display areas used for retail purposes – are not contained within the definitions of agricultural lands and heritages and should all be valued.

2.3 **Survey and Measurement**

Building areas should be calculated on a gross external basis. The total site area and areas for display, storage, car parking, etc. should also be determined.

2.4 **Classification**

Class A

These fall into the "super centre" category due to e.g. location, catchment area, size, standard of buildings and turnover.

Class 1

Other than Class A these are the best properties. Subjects are purpose built, modern, of high quality and have excellent facilities.

Other properties in this class will be located adjacent to other retail outlets or in leisure/retail parks.

Class 2

This Class will include a number of the older subjects. Subjects tend to be purpose built, modern, of good quality and have good finishes.

Class 3

These are subjects that have evolved to become good quality garden centres with a mixture of building construction but of good quality and include horticultural standard greenhouses.

Class 4

These are the traditional local garden centres primarily for plant sales. Buildings are typical glasshouse construction and, in some instances, minimal in number.

2.5 **Building Relativities**

The following relativities will apply to all Garden Centres.

- (a) *"Average" sales glasshouse - 100%*
"Average" sales glasshouse refers to traditional rod and truss glasshouses or more modern examples constructed of steel/latticework, providing equivalent accommodation to that of the older style rod and truss construction.
- (b) *"Better quality sales glasshouse/retail area - up to 25% addition*
This is appropriate for retail accommodation superior to the "average" above and will normally include restaurants, coffee shops, offices, etc.
The percentage addition should reflect the extent to which the quality exceeds the average/standard.

Examples of construction are:-

- (i) *high bay steel portal frame buildings that can be clad in a variety of finishes, i.e. brick, profile steel, glass;*
- (ii) *cavity brick/block buildings which offer a superior retail environment;*

Subjects within Class A and Class 1 would expect to attract the maximum addition.

- (c) *Warehouse/Storage Buildings
These represent a wide range of quality.*

A good quality industrial building will attract 80%, average industrial workshop type building 60% down to a minimum of 20% for poor quality timber sheds.

- (d) *Covered sales, glass open sided canopy - 40 to 50%, assuming similar quality to main sales glasshouse.*
- (e) *Portakabins - 40% if office use.*
- (f) *Metal storage containers - 30%.*
- (g) *Nicotarp/polytunnels
Enclosed – up to 40%.
Open - 30% to 35%.*
- (h) *Partitioned off sections from main space to be valued at same rate as the building in which they are located.*
- (i) *Land (display/sales) – 15% to 25% depending on quality, size and layout, The maximum of 25% would be for exceptional sites, the norm more typically being 20% to 22.5%
e.g. monoblock 22.5%, hardcore 15%.*
- (j) *Land (storage) – 5% for unsurfaced land used for storage of products used for sale.*
- (k) *Car parking is reflected in the rates applied to the buildings.*

2.6 **Rates to be Applied**

CLASS	£/m²
Class A	£45
Class 1	£38 - £42
Class 2	£35 - £38
Class 3	£30 - £35
Class 4	£20 - £25

The relativity percentages in paragraph 2.5 should be applied to these rates, e.g. the main sales in a Class A centre would have a rate of £56.25/m², Class 1 a rate of £47.50/m² to £52.50 etc.

Where the subject is in an accepted retail location and/or rental evidence indicates a rate in excess of the recommendation in

the above table, consideration should be given to that evidence and the level of value applied to adjacent retail outlets.

Land values should be applied in accordance with paragraphs 2.5(i) and (j) with a check made to local levels of value.

2.7 **Turnover**

Turnover may be used as an aid in the valuation process. *However, within individual classes it is anticipated that relativities will be determined by reference to the location and physical characteristics of the property rather than by turnover,*

The following table will give an indication as to the level of turnover likely to be expected for the different classes of centres.

CLASS	TURNOVER
Class A	Over £5,000,000
Class 1	£2,000,000 - £5,000,000
Class 2	£1,000,000 to £2,000,000
Class 3	£400,000 - £1,000,000
Class 4	Under £400,000

2.8 **Quantum**

There is no evidence to indicate an allowance for quantum for subjects with a reduced area of up to 5,000 m².

3.0 **SEPARATE ENTRIES**

Where a building within the site of the garden centre is occupied by and let to an operator different to that of the garden centre, (e.g. company selling conservatories), then a separate entry may be made in the valuation roll for that subject.