



REVALUATION 2026

LOCAL PRACTICE NOTE

SUBJECT: Shops – Standard Units

REPORT NO.: Local Practice Note

CATEGORY: Commercial Properties Committee

1.0 Introduction

This Local Practice Note applies to the valuation of standard shops and, where appropriate, subjects occupying shop type premises in retail locations. The valuer will be guided by the rental evidence in each case.

This Local Practice Note also applies to Retail Units and Bookstalls situated at Railway Stations and Transport Interchanges; Pharmacies situated within or attached to Health Centres and Rural Destination Retail Outlets.

Special consideration should be given to the valuation of subjects located on first floors where, due to lack of rental information, it may be appropriate to apply rates derived from other subjects with similar physical characteristics and operating within the same or similar rental market.

2.0 Basis of Valuation

Shops are valued by application of the comparative principle using rates per square metre derived from local rental evidence. The derived rates may be on the zoning principle or an overall area basis, see section 4.0.

3.0 Rental Analysis

Rental analysis is undertaken in accordance with the **SAA Basic Principles Committee Practice Note 1 - Adjustment of Rents**. Local rental and cost evidence is used to determine rates applied and adjustments to value.

4.0 Survey & Measurement

All shops are to be measured on an internal basis including all walls up to 15cm thick. Care should be taken to ensure that all shops are measured from the building line which is not necessarily the plate glass front e.g. in some modern developments a brass strip delineates the actual frontage line.

All parts should be measured and areas calculated irrespective of whether or not they are eventually included in the valuation i.e. toilets (staff and customer), stairs, plant rooms, lifts, fire escapes and fire escape corridors, pillars, structural walls.

Areas on all floors and in ancillary buildings with different finishes should be calculated separately.

5.0 Areas

Ground Floor areas will be calculated on nine metre zones with the following reduction factors to be applied:-

Zone A	100%
Zone B	50%
Zone C	25%
Zone D & beyond	12.5%

Disabilities due to structural walls, blank frontages etc. are dealt with in section 9.0.

It may be appropriate, in certain circumstances, to adjust the rates being applied to stores, outbuildings etc. to ensure that a reasonable relationship is maintained with the rates being applied to storage space in the vicinity. Staff should ensure that the percentage adopted for outbuildings is reasonable in relation to the percentage adopted for the last zone in the main building. A check on industrial rates may be appropriate for remote stores.

Where there is an entrance from another shopping street, the value of parts of the shop may be higher when zoned from that street and appropriate adjustments should be made. Rental evidence of the shop being analysed or other comparable subjects should be analysed to establish appropriate valuation method/s.

Valuers must use their discretion to ensure that a reasonable value is brought about by the zoning method.

Other Floors – Reduction Factors. See paragraph 5.2.

5.1 Areas to be Considered in Valuation

- All structural walls and pillars should normally be excluded.
- Toilets should be excluded, although where a tenant has altered the property to include a number of toilets or there is an over provision of toilets, consideration should be given to including these in the analysis to reflect the leased subjects.
- Stairs should be excluded.
- Escalators should be excluded.
- Plant rooms (i.e. service plant) should be excluded where these are solely used for plant. N.B. where accommodation is partly plant and partly storage a pro rata area should be included. Process plant rooms e.g. at dry cleaners or bakers should be included.
- Fire corridors used solely for this purpose should be excluded.
- Mixed use areas (i.e. fire corridors/general access) should not be excluded.

5.2 Ancillary Floors

Ancillary floors are not zoned but are taken on an overall area with a storey reduction factor. Existing percentage reductions to reflect poor/unfinished stock should be maintained, see 6.0 below.

Floor	Stock/Shell	Sales	With Lift	With Escalator
	No Lift	No Lift		
Lower Basement	0.0500	0.0625	+10%	+20%
Basement	0.1000	0.1250	+10%	+20%
Ground Floor	1.0000	1.0000	+10%	+20%
1st Floor	0.1000	0.1250	+10%	+20%
2nd Floor	0.0500	0.0625	+10%	+20%
3rd Floor	0.0250	0.0313	+10%	+20%
4th Floor and above	0.0125	0.0156	+10%	+20%

5.3 Overall Area Approach

Some shops/shopping stretches can be let on an overall basis and may be better suited for analysis and valuation on the same basis. This type of property can be found in out of town locations and is often built by one developer.

Where retail subjects are not situated in typical retail locations such as Railway Stations, Pharmacies at Health Centres and Rural Destination Retail Outlets an overall approach may also be considered appropriate.

6.0 Allowances for Inferior Finish

The following reduction factors are to be applied to floors other than the ground floor. The allowance is for inferior finish not for non-sales use, where the finish is similar to the sales finish, no reduction factor should be applied

6.1 Offices

Where similar to sales finish, no reduction factor should be applied. Where inferior, an allowance of **up to** 10% may be made.

6.2 Storage

Where similar to sales finish, no reduction factor should apply. However, these areas are normally inferior to sales area or, in many cases, unfinished and an allowance of **10% to 20%** may be made.

6.3 Restaurants

Public restaurants should be valued at sales rate.

6.4 Kitchens
Up to 10% depending on the standard of finish.

6.5 Canteens
Up to 10% depending on the standard of finish

N.B. Ensure no allowances are double counted in relation to paragraph 5.2.

7.0 Lack of Finish on Ground Floor

Where an area of a shop on the ground floor is in an unfinished, or partly unfinished state, an allowance of up to 10% of the specific rate applying to the area in question may be made.

Valuers should have regard to corporate fitout and, where a minimal finish is by design, no allowance is appropriate.

7.1 Loading Bays
Where enclosed, an allowance of 10% to 20% may be applied. Where open, a further allowance of up to 50% may be made.

8.0 Disabilities Within Shop

Local rental evidence will determine whether or not any allowance is required. If all shops in a location suffer from the same disability then this will be reflected in the analysed rent rate and the resulting adopted valuation rate. No further adjustment will be necessary in such cases.

8.1 Lateral Wall
Deduct up to 5% from the space affected by the walls.
N.B. could be whole shop.

8.2 Structural Division Wall between Front and Back Shops
For all areas behind structural wall that is affected allow 10%.

8.3 Steps
A maximum allowance of 5% should be given to the areas that are at a higher or lower level than the main sales area. **In no circumstances should this allowance be given where the changes in floor levels are a design feature.**

8.4 Pillars
If these have a serious effect on the value of the shop floor space a deduction of up to 5% may be made to the space affected.

8.5 Awkward Shape
An allowance of up to 5% may be made to the area affected.

8.6 Blank Frontage
An allowance of 5% should be made to the area behind the blank frontage.

8.7 Masked Area

An allowance of 10% should be made to the area affected.

8.8 Strong Rooms

Where strong rooms exist in shops and former bank properties used for retail purposes, then value on the zoning basis reflecting any disadvantages (**see previous paragraph**).

Bank premises may be valued in accordance with the **SAA Commercial Properties Committee PN 3 - Valuation of Banks and Building Societies**.

N.B. Ensure no allowances are double counted in relation to zoning

9.0 Additions/Deductions

The following are possible additions, refer to the rental analysis:-

9.1 Corner Situations

Add up to 10% to the total sales area benefiting from the return front to reflect the estimated worth of the particular situation.

9.2 Second Entrance

If not Zoned from both entrances (see comments under paragraph 5.0 above), an addition should be made for this.

The following are either additions or deductions depending on what is reflected in the typical shop within the stretch to be valued:-

9.3 Heating/Air Conditioning/Sprinklers

Only the difference from the typical shop should be reflected here. In the absence of any local rental evidence and where rental rates do not reflect air conditioning, sprinklers or heating the following rental adjustments should apply.

	Rate Per m ²
Sprinklers	£7
Heating	£3
Air Conditioning	£9

These rates should only apply to those areas benefiting from the items listed above, prior to any zoning reduction factor being applied.

e.g. if the typical shop has no heating and the shop to be valued has heating add £3/m² to the **measured area** affected.

N.B. The £9 for air conditioning should not be reduced in cases where a shop has a form of heating.

9.4 Modernity

For a modern shop in a stretch of older shops an addition of 5% to 10% (for complete rebuild and/or retained façade) may be made. For an old shop in a modern stretch a deduction of 5% to 10% (if only old shop in **new** development) may be made.

It is not anticipated that modernity will be added to pre 2005 build or rebuild subjects.

9.5 Rear Loading

Depending on the typical shop, an addition/deduction for having/not having rear loading of 5% may be made.

9.6 Toilet Facilities

Where typical shop has toilet facilities within the shop, allow 2.5% for outside toilet and 5% for none. Where the typical shop has no toilet add 2.5% for outside toilet and 5% for inside toilet.

10.0 Quantum

Where a shop has been valued on the “zoning” principle an allowance for quantum may be calculated using the following tables.

It is essential that thought is given to the application of quantum and it is not applied solely on the basis of area.

Quantum should be calculated, in relation to the average reduced area of shop in the range/street.

x Average Reduced Area	Deduction
Up to 1.25 x	NIL
At 1.25	2.5%
1.25 to 2 x	2.5% to 7.5%
2 x to 2.5 x	7.5% to 9.5%
2.5 x to 3 x	9.5% to 10.5%
3 x to 4 x	10.5% to 14.5%
4 x to 6 x	14.5% to 25%

There may be individual situations where it will be necessary to depart from the above recommendations. **The Divisional Assessors should consult with the Head Of Valuation Services** should these allowances require to be altered.

Larger shops, depending on size, may come into the large shop category and would fall to be valued by reference to. **SAA Commercial Properties Committee Practice Note 3 - Valuation of Large Shops & Department Stores.**

Note

Working Group representatives should be consulted if further clarification is required.

11.0 Inverse Quantum

Where there is rental evidence to indicate an addition for inverse quantum is warranted in specific cases then this should be calculated using the following table.

x Average Area	Addition
0.25 to 0.50	10% to 7%
0.50 to 1.00	7% to NIL

Note

The above provisions do not apply to small units which are valued as “Kiosks”, examples of which will include “Kiosks” adjoining food courts.

12.0 Plant and Machinery

Rateable items of plant not already reflected in the rental rates should be dealt with in terms of the Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000 as amended.

13.0 General Comment

Above all it should be remembered that these instructions are not to be followed blindly and are primarily for guidance. There will be circumstances where the valuer must exercise their own skill and judgement and vary from this guidance. Instances of this should be raised with the Divisional Assessor. This will promote consistency of approach to similar issues.