



## **Revaluation 2026**

### **Staff Guidance Note**

#### **Valuation of Shops and Shop Type Subjects**

##### **1.0 Introduction**

This Guidance Note applies to the valuation of standard shops and subjects occupying shop type premises in retail locations. It also applies to retail units and kiosks situated at railway stations and transport interchanges, pharmacies situated within or attached to health centres, rural destination retail outlets and takeaways.

##### **2.0 Approach to Value**

Shops are valued using the comparative method of valuation. This involves an analysis of passing rental information to establish a unit of comparison.

The unit of comparison is normally a rate per square metre on an overall or reduced area. Where it is a reduced area, it is normally expressed as the zone A rate. This zone A rate is applied to the reduced area of the shops covered by the analysis, or alternatively an appropriately reduced rate can be applied to the actual area of each zone within the property.

The zone A rate will reflect the characteristics of the normal shop unit in the locality being valued. It is the analysis however which will normally determine the extent to which any variances from the norm add to or reduce the value of a property. The adjustments recommended below should not therefore be applied blindly where local evidence suggests something to the contrary.

As in all classes of land and heritages use will be a factor to be considered in arriving at a value. A range of different users will occupy properties which physically fall into the category "shop".

While it remains a basic principle in valuation for rating that subjects should be valued in their actual use, and that actual use should not be minutely subdivided, it is an analysis of rents along with the physical circumstances of each use which should be considered to establish whether different uses should be separately categorised and valued under their own scheme of valuation.

Special consideration should be given to the valuation of subjects operating on the first floors above shopping parades where it may be appropriate to apply rates derived from other first floor users. Similarly, shops located in basement/lower ground floors should derive a rate from any rental evidence available for such subjects. It is generally more appropriate to value first floor/basement floor only shops on an overall basis, rather than zoning. An exercise may also be undertaken to establish a percentage relationship between such shop units and the surrounding rent rates in terms of zone A from 'street level' shop units. For example, where a first floor only shop has an overall rent rate of £540 and the surrounding shops' rent rate in terms of zone A is £600, then the percentage relationship of the subject would be 90% to the zone A rent rate of the street in which it is located. This is a useful exercise when trying to establish an overall rate for an owner occupied first/basement floor only shop.

The previous paragraph should not be confused with shops located on more than one floor in a shopping centre, the zone A rates of which should be derived from the passing rents for such subjects and the zoning principle adopted. Care should be taken not to simply apply the zone A rate within that mall to each floor of the shop.

### **3.0 Valuation Roll Descriptions**

All descriptions must conform to Scottish Assessor Standards and to the '*List of Categories, Class and Subject Types*'.

### **4.0 Measurement**

All shops are to be measured in a Gross Internal Area (GIA) including all walls up to 15cm thick. All shops are measured from the building line, which is not necessarily the plate glass front; in some modern developments a brass strip delineates the actual frontage line. In some modern developments it may be the case that shop fronts extend beyond the building line (generally known as pop-outs). The shop should still be zoned from the building line and the area of pop-out calculated and analysed separately. It will be a matter to be determined from analysis how much these areas add to the value of the shop. All areas should be measured and areas calculated irrespective of whether they are eventually included in the valuation.

### **5.0 Rates to be Used**

Rates to be applied will be derived from an analysis of rental evidence, following the SAA Adjustment of Rents Practice Note.

All rates will be expressed in pounds and will be applied in most cases to the total reduced area.

Note: valuations published on the SAA website display the reduced zone A rate applied to each zone, therefore the total reduced area is not published, it is the measured area which is published within these valuations.

## 6.0 Areas

### 6.1 Ground Floor

Ground floor areas will normally be calculated in 9 metre zones with the following reduction factors applied: -

ZONE	PERCENTAGE REDUCTION
A	100%
B	50%
C	25%
D	12.5%

The letting practice of a landlord for a development may also be a relevant factor. In general, local evidence will be the best guide to arrive at the appropriate method to be adopted. There may be circumstances where it is inappropriate to zone a shop, it may be appropriate to value using the measured area and an overall rate applied to the total floor area. In other cases, shops could all be let at the same figure, in such circumstances it may be appropriate to adopt this figure as the net annual value and rateable value of the shops with no need to zone.

Where there is an entrance from another shopping street or mall, the value of the shop may be enhanced, where this is the case appropriate adjustments should be made. This may be done using zoning from the second frontage or by an end addition.

The valuer must use their discretion to ensure that a reasonable value is brought about by the zoning method, or any alternative adopted.

### 6.2 Excluded Areas

The following areas should be excluded from the valuation, however these should be calculated and detailed within the file note: -

- Lift shafts and enclosed escalators.
- Areas used exclusively for fire escape purposes.
- Enclosed stairwells whether for use either by staff or the public.
- Pillars, structural walls.

### 6.3 Floor Ratios

These should generally be derived from local rental evidence. Demand for ancillary floor space, particularly for retail use, will vary from location to location. The type of access will be a significant factor in the use which can be made of ancillary floors. Floors suitable for sales will normally require a good quality finish, a staircase suitable for customer flow and a lift. Without this, these areas will normally only be suitable for staff accommodation or storage.

In the absence of local evidence, the following table can be used.

FLOOR	SALES	STAFF / STOCK
Basement	0.125	0.10
1 <sup>st</sup> Floor	0.125	0.10
2 <sup>nd</sup> Floor	0.062	0.05
3 <sup>rd</sup> Floor	0.031	0.025
4 <sup>th</sup> Floor >	0.016	0.012

The ratios above may be enhanced by up to a maximum of 20%, +10% for lift access and if appropriate +10% for access via an escalator.

The floor ratio to be used should be determined having taken into consideration the use and fit out of the floor. Additionally, the factors are intended to apply to shops which have their principal sales floor at ground floor level and will not apply to shops which have their principal sales space at an upper or lower level. These should be treated separately on their own merits.

### 6.4 Adjustments for Size in Relation to Ground Floor

Where the area of upper floors significantly exceeds the total area of the ground floor, it may be appropriate to make a further allowance to reflect this. A normal unit shop is unlikely to need ancillary floor space greater than the area of the ground floor. Rental evidence should be followed where it exists.

## 7.0 Deductions from Value

Local rental evidence will determine whether any allowance is required. If all shops in a location suffer from the same disability, the rental evidence should reflect the disability, and no further adjustment will be necessary. Where no rental evidence is available, the following deductions to the area affected by the disability should be considered.

<b>DISABILITY</b>	
Lateral Wall	Up to -10%
Structural Horizontal Division	Up to -10% behind wall
Steps	Up to -5% on areas higher or lower than main sales area, excluding design features
Pillars	Up to -5% on areas affected, if impacting shop floor
Awkward Shape	Up to -5% on areas affected
Blank Frontage	Up to -10%
No Toilet	Up to -10%

## 8.0 Additions to Value

Local rental evidence will determine whether any addition is required. The table below highlights several circumstances where an addition to value may be appropriate.

Where no rental evidence is available, the following additions can be considered.

<b>ADVANTAGES</b>	
Corner Situation with Return Frontage	Up to +10% to the sales area
Modernity	Up to +10%
Car Parking	Rate per car space derived from rents
Tenant's Improvements	See Section 12 below

## 9.0 Fitting Out

The preferred approach to valuing the 'fitted out' element of a shop unit is to rely on comparable rental evidence to reflect the presence of such features as frontage, flooring, ceiling, services, generally referred to as 'shop fitting'.

In most circumstances the basic rate analysed includes these features and there will be no need for further adjustments.

Where an element is required to be added to value to reflect fitting out, the Rating Cost Guide Scotland should be referenced.

## **10.0 Plant and Machinery**

Consideration should be given to any plant or machinery which may be rateable, with reference to legislation; Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 as amended.

## **11.0 Quantum / Inverse Quantum**

This is very much a matter where consideration of the local rental evidence is paramount. Demand for different sizes of units will vary from location to location.

Each narrative for a given range of shops should provide information on the results of the rental analysis for that area, and whether quantum or inverse quantum should be applied. Where evidence of quantum or inverse quantum exists, each narrative must detail the “norm” within that locale.

## **12.0 Tenant’s Improvements**

The test of an accurate scheme of valuation is if the valuations produced are in line with the generality of the rental evidence.

However, where a tenant has improved the property leased, the effect of the improvements may be excluded from the agreed rent. The valuer must establish such improvements prior to analysis, ensuring no such improvement is included within analysis.

In consequence, the valuer should be aware when carrying out sense checks, the tenant’s improvements may result in a higher Net Annual Value than that indicated by rental levels.

## **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 his/her own skill and judgement and vary from this guidance.