

TAYSIDE VALUATION JOINT BOARD

REVALUATION 2026

VALUATION OF SHOPS



1 APPLICATION

The following Practice Note applies to the revaluation of all shop type subjects where the valuation has been approached on a zoned basis. The bulk of such subjects will be contained within the current shop valuation system but, equally, it will apply to that small range of shop subjects whose size or nature do not readily lend themselves to being valued on this system - such subjects will be valued on the General Comparative System. Reference should also be made to SAA Commercial Properties Committee Practice Note 1 – Valuation of Shops.

2 EVIDENCE AND DETERMINATION OF BASIC ZONE “A” RATE

From the analysis of rents of all let shops and shop type subjects, and the appraisal of this information by Divisional Valuation Staff, a summary has been drawn, indicating the pattern or level of value by Zone “A” basic rates per square metre relative to the various categories of shopping situation throughout each Divisional Area.

The basic Zone “A” rates indicated have been determined from available letting evidence and relate to average shops in the specified location. Average in this sense relates not only to size but also to the general, typical quality of the shops in that location. No adjustment is therefore required for average shops in the particular location. For example, in the prime retail locations in Dundee and Perth, the average standard of shops is high and in keeping with the situations they occupy. In other situations where a newly built or reconstructed shop is situated in a parade or street of largely unimproved shops, an enhancement of the basic rate would be appropriate. The amount of the adjustment is left to the discretion of the valuer, having regard to the type of shops in the situation from which rental evidence has been derived but, in any event, should not normally exceed 25% more than the rate adopted for the normal older unimproved shops. In the same context, partial reconstruction or extensive modernisation to an old shop may warrant a supplement to the basic rate commensurate with the degree of improvement, compared to the basic rate applied to old, unimproved neighbouring shops. The converse would, of course, apply to an old unimproved shop in a situation of new or improved neighbouring shops of modern standard and a reduction to the basic rate of up to 20% may be considered appropriate.

3 CALCULATION OF AREAS

As employed in the analysis of all shop rents, Modified Gross Internal Area will be calculated for each floor, distinguishing between inferior/superior construction and use of upper floors and basements, as appropriate.

Definition

Modified Gross Internal Area (MGIA)

Modified Gross Internal Area is the usable area within a building measured to the internal face of the perimeter walls at each floor level. Shop depth is measured from the building line and not the inside of the glass forming the shop front.

To this general definition certain inclusions and exclusions are applicable.

Including

- 1.1 Entrance halls and arcades.
- 1.2 Passageways.
- 1.3 Kitchens and cleaners' cupboards.
- 1.4 Built-in-units, cupboards and the like, occupying usable area.
- 1.5 A floor area which contains a ventilation/heating grille.
- 1.6 Area occupied by skirting and perimeter trunking.
- 1.7 Areas severed by internal non-structural walls, demountable partitions, whether or not permanent, and the like, where the purpose of the division is partition of use, not support, provided the area beyond is not used in common.
- 1.8 Toilets: the area of toilets is included in the valuation however the areas of staff toilets should be measured and calculated separately from the zone in which they are located and input into the valuation system as described in the 2026 Shop Computer Input Instruction.

Definition: Staff Toilets – in a standard retail situation, toilets to which the public do not generally have access as opposed to **Customer Toilets** which are generally reserved for use mainly by the public e.g. in a cafe

Excluding

- 1.9 Areas occupied by lift shafts, hoists.
- 1.10 All stairwells, stairs and escalators but including usable areas below stairs and escalators ~~over~~ where headroom is more than 1.5m.
- 1.11 Permanent structural walls within the subjects where these are greater than 0.15m thick.
- 1.12 Areas of columns and piers.
- 1.13 Areas of stairs, corridors and landings shared with other occupiers.
- 1.14 Attic and basement areas where headroom is less than 1.5m.
- 1.15 Corridors of a permanent nature used solely as fire corridors.

4

ZONING

A zone depth of 9.14m (30') will be applied to the ground floor of all shops throughout the Region, extending to four zones. The proportion of Zone "A" to be applied to the four zones of the ground floor is:-

Zone	Reduction Factor
A	100%
B	50%
C	25%
Remainder	12.5%

Exceptions to these norms will include:-

- (a) Large shops and supermarkets referred to below.
- (b) Shops having abnormal size, depth, frontage, or bad shape, layout etc., e.g. if the general front/depth ratio is considered exceptional, it may be more appropriate to value part of the remainder at a lower reduction factor. As these situations are exceptional advice should be sought from a Principal Valuer or Assistant Assessor.

- (c) Shops having return frontages zoned from both fronts. In these instances, zone depth or ratio may be adjusted in exceptional cases to suit individual circumstances, having regard to the normal shop in that location and the characteristics of shops from which rental evidence is derived. Generally speaking, established practices should be followed unless the reviewed circumstances dictate otherwise. Care should be exercised where zone depth has been reduced or the zone ratio has been modified, as the effect of either of these adjustments may be the equivalent of applying an allowance and no further allowances may be required, or existing allowances deemed double counting and should be removed.. As these situations are exceptional advice should be sought from a Principal Valuer or Assistant Assessor.

5 FLOOR RATIOS - UPPER FLOORS AND BASEMENTS

(i) Reduction Factors

The following scale of reduction factors as used in the analysis of shop rents, will be applied to the rates per square metre of all upper floors above ground floor and also basements, distinguishing between sales space, staff areas and storage, etc. If the staff or storage area is substantially of the same quality and finish as the sales area, apply the sales rate. Generally sales and staff areas will have the same reduction factors.

Floor

Floor	Sales / Staff	Storage
	Without Lift	Without Lift
Basement	0.125	0.10
First	0.125	0.10
Second	0.062	0.05
Third	0.031	0.025
Fourth	0.016	0.012

6 ADJUSTMENTS AND ALLOWANCES

(i) Lifts and Escalators

Adjustments to the upper floors above ground floor or basement floor to reflect the presence of lifts or escalators may be made in accordance with the following table.

	Addition to Floor Reduction Factor
Passenger lift serving sales space	10%
Goods lift serving storage space	10%
Floor served by Escalator	20%
Floor served by both Lift and Escalator	20%

Adjustments for lifts and escalators referred to above are maximum additions and may be reduced to take into account the location of the feature in relation to main entrance of shop and customer attraction to the floor, or, in the case of goods lifts, limited capacity of lift, inconvenience of location, trading and unloading facilities.

(ii) Corner Site

If not adequately reflected in zoning from both frontages and in the absence of local rental evidence add to the basic rate a supplement of up to 10% depending on the prominence of the corner in the shopping situation. For a shop with upper floors, if the enhancement of a return frontage is limited to the ground floor only, the supplement to the basic rate will apply only to the ground floor.

(iii) Air Conditioning and Sprinkler Installations

Where the rental evidence has been derived from shops not having these features the rental rates in the following table may be used for air-conditioning and sprinklers.

Item	Rate
Air-Conditioning (costs based on cassette system)	£10/square metre
Sprinklers	£7/square metre

These rates should only be applied to those areas benefiting from the items listed above and exclusive of any zoning factor being applied.

(iv) Rear Loading Facilities

The majority of the shops are "land-locked" and rear loading facilities don't normally exist. Where they do, in the absence of local evidence, an addition of up to 7.5% may be made to the value of the part so affected - i.e. storage area directly related to the loading facilities. Alternatively, an end addition of up to 2.5% may be appropriate to the value of the whole shop, if circumstances warrant this approach.

(v) Car Parking

The attention of valuers is drawn to the provision of car parking facilities either within the curtilage or proximity of a shop. The value of these facilities can be considerable to shops in busy situations where there is limited public car parking provision, and due additions should be included in the valuation.

A small private car park within the curtilage of a shop should be valued with the yard space at an appropriate rate per square metre or rate per car space, having regard to the level of value on yards or car parking in that situation.

A separate entry(or entries) for the car park should be considered when this is not within the curtilage of the shop.

(vi) Lack of Cold Water and/or W.C.

Generally, it can be said all shops now have toilet and washing facilities in terms of the Offices, Shops and Railway Premises Act 1963, and the determination of basic rates from the rental evidence of shops takes into account the provision of these standard facilities. Adjustment is therefore only necessary where this is not the situation and it is suggested that in the absence of local evidence, the lack of water supply and/or W.C. is reflected by making a specific end allowance of up to 10%.

(vii) Disabilities

Disabilities affecting the valuation of the shop as a whole and not reflected in the basic Zone "A" rate, or adjustment of zone depth (Section 4 above) should be aggregated and deducted as an end allowance. Where the disability affects only part of the shop the adjustment should be made to the part so affected.

Allowance for these elements, which may include low ceilings, difference in floor levels, inferior construction, bad layout, obstruction by columns and piers, etc., are very much a question of degree, but for guidance purposes, aggregation of the allowances should not exceed 10%, other than in very unusual circumstances.

7 ADJUSTMENT FOR SIZE (QUANTUM)

In establishing the particular Zone A rate for a locality, consideration will have been given to the prevailing rental rates/m² for shops which represent the normal or average size of property for that locality. For properties which are substantially larger or smaller than this, local rental evidence may deem it appropriate to apply a suitable adjustment to the valuation reflecting this size differential.

It will be apparent that evidence relating to quantum, if it exists at all, is not constant and, as such, may vary from street to street. From this it will be obvious that the appropriate use of any adjustments for quantum depends entirely on local evidence.

In the absence of any local evidence and in circumstances where it is felt appropriate to make an adjustment for quantum then any such adjustment should be made in accordance with the following scale. This scale should not be applied to large shops valued on an overall rates/m².

Adjustments for size (quantum) should be applied after making any adjustment for factors which affect only the main shop and before making additions for pertinents and car parking and applying any end adjustment.

Size of Reduced Area of Shop in relation to average Reduced area of shops in locality	Adjustment for Size (Quantum)
1/4 and less	+ 25%
1/3	+ 15%
1/2	+ 7.5%
2/3	+ 5%
1 and less than 2	- NIL
2	- 5%
4	- 10%
6	- 15%
8	- 20%

NB This quantum scale is to be interpolated.

8 LARGE SHOPS

These subjects will be valued on their own merits by each Divisional Office. Certain circumstances may dictate that an overall rate m² approach is taken. Irrespective of which method is adopted, it will be necessary to compare final valuations within the two Divisional Offices for these subjects. For further guidance see SAA Commercial Properties Committee Practice Note 3 (Valuation of Large Shops and Department Stores).

9 SUPERMARKETS AND CONVENIENCE STORES

The revaluation of these subjects will be based on rents passing and comparison made with like subjects in the region on an overall rate per square metre approach. For further guidance see SAA Commercial Properties Committee Practice Note 2 (Valuation of Supermarkets).

10 SCHEME SHOPS

Scheme shops will be valued within the pattern of available letting evidence.

11 BANK AND BANK TYPE PREMISES

Traditionally Banks and Building Societies occupied substantial buildings with non-retail frontages. However, it has become increasingly common for them to occupy standard shop premises which may be valued in terms of this Scheme of Valuation. For further guidance on the approach to valuing these types of subjects see SAA Commercial Properties Committee Practice Note 4 (Valuation of Banks and Building Societies).

Where the bank is in the nature of retail premises, a retail approach to the ancillary accommodation on upper floors should be adopted except when such accommodation is utilised as offices of sufficient quality and extent to support a hybrid approach to the valuation with the ground floor and possibly basement valued on a retail basis and upper floors valued by reference to office rates. Depending on local evidence, allowances may need to be made to reflect the hybrid nature of the valuation rather than the two components of the valuation simply being aggregated.

12 OFF LICENCE SHOPS AND LICENSED PREMISES

No addition will be made to a shop on account of a licence permitting the off-sale of excisable liquor, or on account of a licence permitting the use of part or whole of the subjects as a sub post office.

13 LICENSED RESTAURANTS

Many licensed restaurants are situated in standard shop premises and may be valued in terms of this guidance having regard to the available rental evidence. There may be situations where a licensed restaurant is located outwith the normal retail parades or in a stand alone situation. For guidance on the valuation of these properties see SAA Commercial Properties Committee Practice Note 19 (Valuation of Licensed Premises) which includes Licensed Restaurants.

14 RURAL RETAIL OUTLETS

These can range from a small shed selling mainly fresh produce to a large scale destination outlet selling a wide range of products often with a café or restaurant. A separate local valuation instruction Valuation of Rural Retail Outlets provides guidance on the treatment of these subjects.

15 HOT FOOD TAKEAWAYS

Hot Food Takeaways are typically found in shop type premises, often located, but not exclusively so, in secondary retail locations or in small neighbourhood shopping centres.

The subjects will generally consist of a waiting area together with food preparation, cooking and storage facilities. Usually the food purchased will be for consumption off the premises but there may be limited customer seating for consumption on the premises. Takeaways can also be distinguished from a bakers or sandwich shop where the hot food element of these subjects comprises only a small part of their overall operation.

Many Planning Authorities regard Takeaways as being beyond Class 3 Planning Consent (Food) and treat them as a class of their own (*sui generis*) in view of the additional environmental issues that they raise. A Late Hours Catering Licence is also required to trade between 11.00 pm and 5.00 am. Environmental Health will also carry out regular inspections to ensure that hygiene standards are maintained.

An analysis of the available rental evidence in Tayside has demonstrated that the rents paid for Hot Food Takeaway premises are generally in excess of that paid for neighbouring shops. As a consequence, the Zone A rate of such subjects in any given locality should typically be enhanced by 10%.

The description in the valuation roll should be "Hot Food Takeaway".

16 PHARMACIES

No addition should be made to the valuation of a pharmacy situated in a standard shop unit in a shopping parade however consideration should be given to enhancing the valuation of those situated within or attached to Health Centres where they may be separately occupied. Evidence of passing rents in these situations would indicate that rental levels can be significantly higher than local shop rates, reflecting a monopoly situation where rents may reflect the level of patient or prescription numbers. In such situations the passing rent may be the best guide to annual value. See section 7 of the Commercial Properties Committee Practice Note 1 (Valuation of Shops).