



Revaluation 2010

Commercial Properties Committee

Practice Note 44 Valuation of Motorway Service Areas

1.0 Introduction

- 1.1 This Practice Note applies to the valuation of all Motorway Service Areas and petrol stations in separate occupation on motorway service areas.
- 1.2 The content of this Practice Note results from discussions with the Valuation Office Agency, The Scottish Assessors' Association and representatives of the major motorway service area operators.

2.0 Basis of Valuation

- 2.1 This category of subject should be valued by application of the Comparative Principle.
- 2.2 The main elements of the valuation are : -
 1. Petrol Sales Forecourt
 2. Bunkered Fuel
 3. Forecourt Shop
 4. Amenity Block/ Lodge Income

3.0 Valuation Considerations

- 3.1 Petrol Sales Forecourt
 - 3.1.1 The forecourt value will include the value of:-
 - i) The developed forecourt, (excluding non-rateable plant items).
 - ii) Canopies.
 - iii) Rateable tanks
 - 3.1.2 The value of the petrol sales forecourt will be determined in accordance with a nationally applied scale relating rental value to the hypothetical achievable throughput of motor fuel. For this purpose it is proposed that all grades of fuel are aggregated without adjustment for different types and grades of fuel.

- 3.1.3 The hypothetical achievable throughput is the volume of fuel (excluding any bunkered fuel) a reasonably competent operator would expect the site to achieve, pursuing pricing policies seeking to maximise profitability.
- 3.1.4 The hypothetical achievable throughput will be based on the level of throughput achieved in the years leading up to 2007 with the most relevant being the actual throughput achieved in 2007.
- 3.1.5 There will be no adjustment for 24 hour opening as all motorway service areas operate on this basis.
- 3.1.6 The scale at Appendix 1 shows the £/000 litres to be applied, which varies according to both hypothetical achievable throughput and the unleaded (UL) price per litre implicit in the throughput adopted. This scale has been developed from an analysis of rental evidence, which includes an adjustment for price.
- 3.1.7 In determining the adjustment for price, average calendar year UL prices, have been supplied (for most sites) by Catalist, the leading supplier of trade information in relation to the UK retail fuel market.
- 3.1.8 As stated above, it is the volume achieved in 2007 and the UL price against which the volume was achieved which will be the primary drivers of forecourt value.
- 3.2 Bunkered Fuel
- 3.2.1 Bunkered fuel is fuel which is stored and dispensed by a forecourt operator, generally on behalf of another company, for which the forecourt operator receives a handling charge.
- 3.2.2 The bunkered fuel throughput should be excluded from the hypothetical achievable retail fuel throughput above, and should be valued in accordance with the scale set out in Appendix 2 to this Practice Note.
- 3.3 Forecourt Shop
- 3.3.1 Forecourt shops together with their ancillary offices and stores will be valued by reference to the fair maintainable shop turnover.
- 3.3.2 The hypothetical achievable shop turnover to be adopted is that which a reasonably competent operator would expect the site to achieve from shop sales, excluding VAT and income from fuel and car/jet wash transactions.
- 3.3.3 Determination of the hypothetical achievable shop turnover should be based on actual turnovers achieved in the years leading up to 2007 with the most relevant being the 2007 turnover.
- 3.3.4 The valuation of the forecourt shop should be determined by reference to the following table :-

Turnover	% adopted
up to £1m	9.0%
£1 - 2 m	9.5%
over £2m	10.0%

3.3.5 The value of the following items will be reflected in the values applied to the forecourt and shop and will not be the subject of any addition:-

- 3.3.6 (i) Toilets and related facilities.
(ii) Meter cupboard.
(iii) Normal parking, including customer spaces, sufficient for the purposes of the petrol forecourt and shop

3.4 Car / Jet Washes

3.4.1 Like forecourt shops, the valuation is based on the level of turnover generated by the Car / Jet washes and the practice adopted by the actual occupier should be taken as indicative of that which would be pursued by the hypothetical tenant, in seeking to maximise overall profitability from the site.

3.4.2 Determination of the hypothetical achievable Car / Jet wash turnover should be based on actual turnovers achieved in the years leading up to 2007, with the most relevant being the 2007 turnover.

3.4.3 The valuation of Car / Jet Washes should be taken at 20% of the adopted turnover to NAV.

3.5 Amenity/ Lodge Income

3.5.1 Most motorway service areas will have an amenity block which may comprise various catering operations (e.g. fast food outlets, coffee shop, restaurant etc); retail outlets; amusements etc.

3.5.2 Each income stream (excluding Vat) should be valued at the percentages contained in Appendix 3.

4.0 Let Outs

4.1 It may be the case that certain areas of the motorway service area are in separate rateable occupation of another operator, some examples of this are units occupied by betting offices or mobile phone retailers. In such circumstances it would be appropriate to make separate entries for subjects in the valuation roll, based on local evidence.

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Appendix 1: Valuation Scale to be applied to Hypothetical Achievable Throughput

Throughput - Price per £/000 Litres

Unleaded price per litre

Throughput m Litres	Catalist Price															
	95.0p	95.1	95.2	95.3	95.4	95.5	95.6	95.7	95.8	95.9	96.0p	96.1	96.2	96.3	96.4	96.5
4.00	5.76	5.91	6.05	6.20	6.35	6.50	6.64	6.79	6.94	7.08	7.23	7.53	7.82	8.12	8.42	8.72
4.50	5.98	6.14	6.30	6.46	6.62	6.78	6.94	7.10	7.26	7.42	7.58	7.88	8.17	8.47	8.77	9.07
5.00	6.20	6.37	6.55	6.72	6.89	7.06	7.24	7.41	7.58	7.76	7.93	8.23	8.52	8.82	9.12	9.42
5.50	6.42	6.61	6.79	6.98	7.16	7.35	7.53	7.72	7.91	8.09	8.28	8.58	8.87	9.17	9.47	9.77
6.00	6.64	6.84	7.04	7.24	7.43	7.63	7.83	8.03	8.23	8.43	8.63	8.93	9.22	9.52	9.82	10.12
6.50	6.86	7.07	7.28	7.49	7.71	7.92	8.13	8.34	8.55	8.76	8.98	9.28	9.57	9.87	10.17	10.47
7.00	7.08	7.30	7.53	7.75	7.98	8.20	8.43	8.65	8.88	9.10	9.33	9.62	9.92	10.22	10.52	10.82
7.50	7.30	7.54	7.77	8.01	8.25	8.49	8.72	8.96	9.20	9.44	9.67	9.97	10.27	10.57	10.87	11.17
8.00	7.52	7.77	8.02	8.27	8.52	8.77	9.02	9.27	9.52	9.77	10.02	10.32	10.62	10.92	11.23	11.53
8.50	7.74	8.00	8.27	8.53	8.79	9.06	9.32	9.58	9.85	10.11	10.37	10.67	10.97	11.28	11.58	11.88
9.00	7.96	8.24	8.51	8.79	9.06	9.34	9.62	9.89	10.17	10.44	10.72	11.02	11.32	11.63	11.93	12.23
9.50	8.18	8.47	8.76	9.05	9.34	9.63	9.91	10.20	10.49	10.78	11.07	11.37	11.67	11.98	12.28	12.58
10.00	8.40	8.70	9.00	9.31	9.61	9.91	10.21	10.51	10.82	11.12	11.42	11.72	12.02	12.33	12.63	12.93
10.50	8.58	8.88	9.18	9.48	9.79	10.09	10.39	10.69	10.99	11.29	11.60	11.90	12.20	12.50	12.80	13.10
11.00	8.76	9.06	9.36	9.66	9.97	10.27	10.57	10.87	11.17	11.47	11.77	12.07	12.37	12.67	12.97	13.27
11.50	8.94	9.24	9.54	9.84	10.14	10.44	10.75	11.05	11.35	11.65	11.95	12.25	12.55	12.85	13.15	13.44
12.00	9.12	9.42	9.72	10.02	10.32	10.62	10.92	11.22	11.52	11.83	12.13	12.42	12.72	13.02	13.32	13.62

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Appendix 1: Valuation Scale to be applied to Hypothetical Achievable Throughput

Throughput - Price per £/000 Litres

Unleaded price per litre

Throughput m Litres	Catalist Price															
	95.0p	95.1	95.2	95.3	95.4	95.5	95.6	95.7	95.8	95.9	96.0p	96.1	96.2	96.3	96.4	96.5
12.50	9.30	9.60	9.90	10.20	10.50	10.80	11.10	11.40	11.69	11.99	12.29	12.59	12.90	13.20	13.50	13.80
13.00	9.48	9.78	10.08	10.37	10.67	10.97	11.27	11.57	11.86	12.16	12.46	12.76	13.07	13.37	13.68	13.98
13.50	9.66	9.96	10.25	10.55	10.85	11.14	11.44	11.74	12.03	12.33	12.63	12.93	13.24	13.55	13.86	14.16
14.00	9.84	10.14	10.43	10.73	11.02	11.32	11.61	11.91	12.20	12.50	12.79	13.10	13.42	13.73	14.04	14.35
14.50	10.02	10.32	10.61	10.91	11.20	11.50	11.80	12.09	12.39	12.68	12.98	13.29	13.60	13.91	14.22	14.53
15.00	10.20	10.50	10.79	11.09	11.39	11.68	11.98	12.28	12.57	12.87	13.16	13.47	13.78	14.09	14.40	14.71
15.50	10.38	10.68	10.97	11.27	11.57	11.87	12.16	12.46	12.76	13.05	13.35	13.66	13.97	14.27	14.58	14.89
16.00	10.56	10.86	11.16	11.45	11.75	12.05	12.35	12.64	12.94	13.24	13.54	13.84	14.15	14.46	14.76	15.07
16.50	10.74	11.04	11.34	11.63	11.93	12.23	12.53	12.83	13.12	13.42	13.72	14.03	14.33	14.64	14.95	15.25
17.00	10.92	11.22	11.52	11.82	12.11	12.41	12.71	13.01	13.31	13.61	13.91	14.21	14.52	14.82	15.13	15.43
17.50	11.10	11.40	11.70	12.00	12.30	12.60	12.90	13.19	13.49	13.79	14.09	14.40	14.70	15.01	15.31	15.61
18.00	11.28	11.58	11.88	12.18	12.48	12.78	13.08	13.38	13.68	13.98	14.28	14.58	14.88	15.19	15.49	15.80
18.50	11.46	11.76	12.06	12.36	12.66	12.96	13.26	13.56	13.86	14.16	14.46	14.77	15.07	15.37	15.67	15.98
19.00	11.64	11.94	12.24	12.54	12.84	13.14	13.44	13.75	14.05	14.35	14.65	14.95	15.25	15.55	15.86	16.16
19.50	11.82	12.12	12.42	12.72	13.03	13.33	13.63	13.93	14.23	14.53	14.83	15.13	15.44	15.74	16.04	16.34
20.00	12.00	12.30	12.60	12.91	13.21	13.51	13.81	14.11	14.42	14.72	15.02	15.32	15.62	15.92	16.22	16.52
20.50	12.00	12.30	12.60	12.91	13.21	13.51	13.81	14.11	14.42	14.72	15.02	15.32	15.62	15.92	16.22	16.52

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Appendix 1: Valuation Scale to be applied to Hypothetical Achievable Throughput

Throughput - Price per £/000 Litres

Unleaded price per litre

Throughput m Litres	Catalist Price														
	96.6	96.7	96.8	96.9	97.0p	97.1p	97.2	97.3	97.4	97.5	97.6	97.7	97.8	97.9	98.0p
4.00	9.01	9.31	9.61	9.90	10.20	10.50	10.81	11.11	11.41	11.72	12.02	12.32	12.63	12.93	13.22
4.50	9.36	9.66	9.96	10.26	10.55	10.86	11.16	11.46	11.76	12.06	12.37	12.67	12.97	13.27	13.57
5.00	9.72	10.01	10.31	10.61	10.91	11.21	11.51	11.81	12.11	12.42	12.72	13.02	13.32	13.62	13.92
5.50	10.07	10.37	10.66	10.96	11.26	11.56	11.86	12.16	12.47	12.77	13.07	13.37	13.67	13.97	14.27
6.00	10.42	10.72	11.02	11.32	11.61	11.92	12.22	12.52	12.82	13.12	13.42	13.72	14.02	14.32	14.63
6.50	10.77	11.07	11.37	11.67	11.97	12.27	12.57	12.87	13.17	13.47	13.77	14.07	14.37	14.68	14.98
7.00	11.12	11.42	11.72	12.02	12.32	12.62	12.92	13.22	13.52	13.82	14.12	14.42	14.73	15.03	15.33
7.50	11.47	11.77	12.07	12.37	12.68	12.98	13.28	13.58	13.88	14.18	14.48	14.78	15.08	15.38	15.68
8.00	11.83	12.13	12.43	12.73	13.03	13.33	13.63	13.93	14.23	14.53	14.83	15.13	15.43	15.73	16.03
8.50	12.18	12.48	12.78	13.08	13.38	13.68	13.98	14.28	14.58	14.88	15.18	15.48	15.78	16.08	16.38
9.00	12.53	12.83	13.13	13.43	13.74	14.04	14.33	14.63	14.93	15.23	15.53	15.83	16.13	16.43	16.73
9.50	12.88	13.18	13.49	13.79	14.09	14.39	14.69	14.99	15.29	15.58	15.88	16.18	16.48	16.78	17.08
10.00	13.23	13.54	13.84	14.14	14.44	14.74	15.04	15.34	15.64	15.94	16.24	16.53	16.83	17.13	17.43
10.50	13.40	13.70	14.01	14.31	14.61	14.91	15.21	15.51	15.81	16.11	16.41	16.71	17.01	17.31	17.61
11.00	13.57	13.87	14.17	14.47	14.77	15.08	15.38	15.68	15.98	16.28	16.58	16.88	17.18	17.49	17.79
11.50	13.74	14.04	14.34	14.64	14.94	15.24	15.54	15.85	16.15	16.45	16.75	17.06	17.36	17.66	17.96
12.00	13.91	14.21	14.51	14.81	15.10	15.41	15.71	16.02	16.32	16.62	16.93	17.23	17.54	17.84	18.14

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Appendix 1: Valuation Scale to be applied to Hypothetical Achievable Throughput

Throughput - Price per £/000 Litres

Unleaded price per litre

Throughput m Litres	Catalist Price														
	96.6	96.7	96.8	96.9	97.0p	97.1p	97.2	97.3	97.4	97.5	97.6	97.7	97.8	97.9	98.0p
12.50	14.10	14.40	14.70	15.00	15.30	15.61	15.91	16.21	16.51	16.81	17.11	17.42	17.72	18.02	18.32
13.00	14.29	14.59	14.89	15.20	15.50	15.80	16.10	16.40	16.70	17.00	17.30	17.60	17.90	18.20	18.50
13.50	14.47	14.78	15.09	15.39	15.70	16.00	16.30	16.59	16.89	17.19	17.49	17.78	18.08	18.38	18.68
14.00	14.66	14.97	15.28	15.59	15.90	16.20	16.49	16.79	17.08	17.38	17.67	17.97	18.26	18.56	18.86
14.50	14.84	15.15	15.46	15.77	16.08	16.37	16.67	16.97	17.26	17.56	17.85	18.15	18.45	18.74	19.04
15.00	15.02	15.33	15.64	15.94	16.25	16.55	16.85	17.14	17.44	17.74	18.04	18.33	18.63	18.93	19.22
15.50	15.20	15.51	15.81	16.12	16.43	16.73	17.03	17.32	17.62	17.92	18.22	18.51	18.81	19.11	19.41
16.00	15.38	15.69	15.99	16.30	16.61	16.91	17.20	17.50	17.80	18.10	18.40	18.70	18.99	19.29	19.59
16.50	15.56	15.86	16.17	16.48	16.78	17.08	17.38	17.68	17.98	18.28	18.58	18.88	19.18	19.48	19.78
17.00	15.74	16.04	16.35	16.65	16.96	17.26	17.56	17.86	18.16	18.46	18.76	19.06	19.36	19.66	19.96
17.50	15.92	16.22	16.53	16.83	17.14	17.44	17.74	18.04	18.34	18.64	18.94	19.24	19.54	19.84	20.14
18.00	16.10	16.40	16.71	17.01	17.31	17.61	17.92	18.22	18.52	18.82	19.12	19.42	19.73	20.03	20.33
18.50	16.28	16.58	16.88	17.19	17.49	17.79	18.09	18.40	18.70	19.00	19.30	19.61	19.91	20.21	20.51
19.00	16.46	16.76	17.06	17.36	17.67	17.97	18.27	18.58	18.88	19.18	19.48	19.79	20.09	20.39	20.70
19.50	16.64	16.94	17.24	17.54	17.84	18.15	18.45	18.75	19.06	19.36	19.67	19.97	20.27	20.58	20.88
20.00	16.82	17.12	17.42	17.72	18.02	18.32	18.63	18.93	19.24	19.54	19.85	20.15	20.46	20.76	21.06
20.50	16.82	17.12	17.42	17.72	18.02	18.32	18.63	18.93	19.24	19.54	19.85	20.15	20.46	20.76	21.06

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Appendix 2: Valuation of Bunkered Fuel

Throughput in million litres	£ per 000 litres
0.25	0.80
0.5	0.80
1	0.80
2	0.96
3	1.12
4	1.26
5	1.40
6	1.54
7	1.68
8	1.68
10	1.76
11	1.80
13	1.80
15	2.00
18	2.00
20	2.16
25	2.16
30	2.16

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Appendix 3: Valuation of Amenity Block/Lodge Income

Overall Turnover	Income Streams					
	Catering	Retail	Food Store	Lodge	Machines	Other
up to £1.5m	9.00%	6.50%	6.50%	11.50%	25.00%	25.00%
£1.5 - 3m	9.50%	7.00%	7.00%	12.00%	30.00%	30.00%
£3 - 4.5m	10.00%	7.50%	7.50%	12.50%	30.00%	30.00%
£4.5 - 6m	10.50%	8.00%	8.00%	13.00%	35.00%	35.00%
£6 - 7.5m	11.00%	8.50%	8.50%	13.50%	35.00%	35.00%
£7.5 - 9m	11.50%	9.00%	9.00%	14.00%	35.00%	35.00%
£9 - 10.5m	12.00%	9.50%	9.50%	14.50%	35.00%	35.00%
£10.5 - 12m	12.50%	10.00%	10.00%	15.00%	35.00%	35.00%
over £12m	13.00%	10.50%	10.50%	15.00%	35.00%	35.00%