



## Revaluation 2010

### Commercial Properties Committee

#### Practice Note 13

#### Valuation of Supermarkets and Superstores

##### 1.0 Introduction

- 1.1 This Practice Note provides guidance with regard to Supermarkets and Superstores. Although originally these types of property were almost wholly food-orientated operations, this is no longer the case. Frequently the range of goods on offer will now include items such as ironmongery, clothing, footwear and electrical goods along with services such as post offices, dry cleaning, cafés and crèches. Nevertheless, there should remain an orientation towards food sales.
- 1.2 Standard retail shops, large shops of a non food nature, department stores and retail warehouses are not covered by this Practice Note and should continue to be zoned or valued on an overall basis as appropriate.

##### 2.0 Basis of Valuation

- 2.1 This category of subject should be valued by application of the comparative principle using rates/m<sup>2</sup> derived from the rentals of units of a similar size, character and location.

##### 3.0 Method of Measurement

- 3.1 Reduced areas should be calculated on a gross internal basis in accordance with the RICS code of measuring practice.

##### 4.0 Loading Bays & Canopies Etc

- 4.1 The following reduction factors should be applied to loading bays and storage areas that form part of or are attached to the main building but have one or more open side:

a)	One open side	RF 0.75
b)	Two open sides	RF 0.5
c)	Three open sides	RF 0.25

- 4.2 Free standing canopies (no sides) used for storage or loading purposes should be valued at a reduction factor of 0.20.

- 4.3 Valuer's discretion may be exercised when considering enclosed loading bays, storage areas and plant rooms which form separate buildings that are clearly of inferior construction. However, in these circumstances the reduction factor applied should not normally be less than 50%.
- 4.4 External canopied walkways, bin stores and trolley stores etc. at the front of the store are deemed to be included in the basic rate applied.

## **5.0 Ancillary Floors**

- 5.1 It is normally considered acceptable for a small proportion of accommodation to be situated on either basement or first floor levels, provided that this does not exceed 10% of the ground floor area. However, where more than 10% of accommodation is situated on either basement or first floor levels, the following reduction factors should be applied:
- a) First 10% of accommodation . RF 1.0
  - b) Sales accommodation in excess of 10% of ground floor area RF 0.75
  - c) Storage / ancillary accommodation in excess of 10% of ground floor area. RF 0.50
- 5.2 Where accommodation is located at second floor or above, additional allowances of up to 25% may be granted to that area.
- 5.3 In some instances occupiers may have installed large (greater than 1,000m<sup>2</sup>) sales mezzanines which are ancillary to the principal sales floor. Frequently these sales mezzanines will be accessed by an escalator or travelator and will also have lift access. They will be finished to a similar quality to that of the ground floor sales accommodation, save that head height above and below the mezzanine will be reduced. In the absence of rental information these mezzanines should be valued at an extra over rate based an analysis of costs. The above allowances will not apply.
- 5.4 Mezzanine sales floors which have separate external public access are not covered by 5.3 above and should be considered on their own merits

## **6.0 Car Parking**

- 6.1 Car parking should be included within the basic rate applied to the supermarket/superstore. There should be no further addition to reflect its presence. No reduction should be made where car parking is shared e.g. within a retail warehouse park.

## **7.0 Petrol Filling Stations**

- 7.1 Petrol filling stations should be valued in line with other petrol filling stations and, where appropriate, added to the superstore valuation as unum quid.

## **8.0 Treatment of Concessions**

- 8.1 Some supermarkets and superstores have a number of kiosks or concessions situated within the store. Where these are considered to be in separate rateable occupation a separate entry should be created in the Valuation Roll. Clearly in these circumstances it will be necessary to exclude the physical area of the concession from the superstore valuation.