



Revaluation 2017

Miscellaneous Properties Committee

Practice Note 18

Valuation of Static Leisure Caravan Parks

1.0 Introduction

- 1.1 This practice note applies to the valuation of Leisure Caravan Parks. These sites are licensed to accommodate static leisure caravans and may also be licensed to provide a number of pitches for visiting touring caravans. These sites will also include additional facilities. Facilities will vary from the basic provision of a toilet block to include a shop, restaurant, lounge, amusements, indoor/outdoor pool etc. The static vans may be owned and occupied by private owners who pay an annual pitch fee to the site operator.
Vans (known as fleet vans) may also be owned by the site operator and let out for short periods usually on a weekly or fortnightly basis.

2.0 Basis of Valuation

- 2.1 There is insufficient rental evidence which reflects the rent of all the rateable structures and facilities within a given site. The valuation is, therefore, based on a receipts and expenditure method. In order to avoid the necessity of detailed consideration of accounts for every site, sample accounts have been analysed in order to produce a percentage of adopted gross income to represent net annual value.

2.2 Calculation of Fleet Income Per Van

2.2.1 General

The starting point and most crucial element in the valuation is applying the adopted Fleet Income per Van (for the 2014 Season) to any given park. Fleet Income per Van (FIPV) must be assessed for all parks, whether private, fleet or mixed. The FIPV is in respect of a modern van around 28/35ft long and 10/12ft wide with full services.

The Scheme is based on applying a FIPV which is derived from parks with around 15 or more fleet vans (or where evidence is sparse, a lesser number of fleet vans) which, through national advertising, maximise their occupancy. FIPV derived from parks with a small number of fleet units should be treated with caution and not normally used to establish the FIPV to be used for valuation (small fleet numbers can produce low FIPV figures due to lack of advertising or conversely high FIPV figures due to only one or two units being available for hire).

2.2.2 Sites Operated by National Companies

These parks will normally have fleet and private vans in large numbers. The facilities will be extensive in the way of retail outlets, restaurants, bars, amusements and may include an indoor/outdoor pool.

The actual analysed FIPV for the 2014 season (rounded down to the nearest £100) of the site should normally be the adopted FIPV figure to be used in the valuation of that site. Comparison with other sites is not normally required as the fleet vans are modern and the income is derived through extensive advertising. Differences in the FIPV applied to these sites can be assumed to reflect location and facilities provided.

2.2.3 Non-National Operated Parks (with Fleet Vans, Private Vans or Mixed)

Where these sites exist with sufficient numbers of fleet vans, the derived FIPV should form the prime evidence for application to all other non-national operated parks. Large parks with a number of fleet vans will normally include facilities such as retail outlet, restaurant and perhaps a bar. When the actual FIPV varies for sites with similar facilities and location a view should be taken on the tone FIPV to be applied to similar sites.

The valuer, through analysis of fleet income from various sites and knowledge of location, should prepare a scheme of FIPV for the various locations and varying facilities found within the area under consideration.

In general, sites with facilities such as shops, bars and restaurants will be valued at the higher end of the range compared to those sites without such facilities. Location, however, is an important factor to consider. The attractiveness of a location may be sufficient not to require the operator to provide extensive facilities in order to maximise the popularity of the site.

The FIPV figures should be rounded down to the nearest £100.

2.2.4 Lack of information

When the information on fleet income is insufficient on which to base a Scheme for FIPV, the valuer should liaise with other Assessors with sufficient returns.

2.3. **Income to be Utilised**

2.3.1 Fleet Van Income

The adopted gross rental income (net of VAT) for the site operator owned hire fleet lettings in respect of the 2014 season.

All returns for fleet income from various sites should be analysed to arrive at an income per fleet van for those sites. The resultant income per fleet van should then be compared to ensure that sites with similar facilities and locations are valued at a similar income per fleet van (see 2.1 to 2.2.4 above).

The fleet income being compared should be derived from the letting of fully serviced modern (up to 5 years old) caravans of around 28/35ft long and 10/12ft wide.

2.3.2 Income from the Sub-Letting of Privately Owned Vans

Where there is evidence of sub-letting (normally from national operators) of owner occupied vans, either through the site operator or privately, these will be converted to EQUIVALENT FLEET UNITS (EFU'S) as follows:-

Where there is sub-letting of owner-occupied vans either through the park operator or privately the actual income per van so derived will be divided by the income per caravan from the fleet vans to determine the value of the equivalent fleet units.

EXAMPLE

(Fleet Income per van = £4,000) (Sub-Let Income per van = £2,000)	Site with 40 fleet vans 100 private vans of which 20 sub-let	
Number of EFU's =	$20 \times \frac{£2,000}{£4,000}$	= <u>10</u>
Number of Fleet Units to be valued =	40 + 10	= 50
Number of Private Vans to be valued =	100 – 10	= 90

For the avoidance of doubt only fleet or private static caravans should be included when calculating the **number of equivalent fleet units**. However, when determining the number of **effective fleet units** both fleet and private static caravans should be included together with chalets which form part of the fleet hire.

2.3.3 Notional Income from Privately Owned Vans

A private caravan is assumed to derive a notional income of 50% of a fleet van. A fleet income per van (as described at 2.2.1 to 2.2.4) must therefore be allocated to the park whether fleet vans exist in the park or not. Where the private vans differ from the fleet vans in age and services the percentage of the fleet income to be applied will reduce as shown below:-

Age		Percentage of Fleet Value to be Applied		
		Full Services	Partial Services	Unserviced
Band A	(1-5 years)	50	45	35
Band B	(6-10 years)	50	40	30
Band C	(11-15 years)	45	35	25
Band D	(16+ years)	35	30	25

A notional income should be applied to the total number of privately owned vans on site or the adjusted number of privately owned vans. The adjusted number may be to reflect sub-letting as described in 2.3.2 above or to reflect the existence of twin units.

The minimum notional income for a privately owned van should not be lower than the Net Pitch Fee (paid by the owner to the site proprietor) plus 50%. The Net Pitch Fee is exclusive of rates and service charges.

2.3.4 Twin Units

A twin unit is in the form of two caravans bolted together and may have the appearance of a 'Lodge'. The fleet income to be adopted for twin units, which meet the definition of a caravan within the 1968 Caravan Act, is unlikely to be less than a minimum of 1.5 times the fleet income for a single unit. Close regard should be had to the actual difference in tariff levels between single and twin units on a site with any actual fleet rental evidence being overriding.

2.3.5 Income from Touring and Tenting Pitches

Receipts (net of VAT) from the use of these pitches in respect of the 2014 season.

The valuer should not "blindly" use the 2014 receipts. Examination of previous years' receipts should be made to ensure that the 2014 receipts reflect normal sustainable occupancy. If the valuer is not so satisfied then an adjustment either up or down to the 2014 actual income may be required.

2.3.6 Income from the Letting of Non-Caravan Accommodation

Receipts (net of VAT) from holiday lettings of chalets, apartments, cottages, glamping domes, yurts, tipis, pods, treehouses etc.

Where accommodation such as glamping domes, yurts, tipis, pods, treehouses and the like is located outwith static leisure caravan parks, licensed touring caravan and camping sites, it may be appropriate to

value this in terms of SAA Commercial Properties Committee Practice Note 17 - Valuation of Self Catering Units, at the appropriate chalet rate, suitably adjusted to reflect relative quality and facilities.

2.3.7 Notional Income from Privately Owned Non-Caravan Accommodation

Where such accommodation exists within a Caravan Park (and is not entered as separate entries in the Valuation Roll or the Council Tax List) a notional holiday letting income should be assessed.

Examples are chalets and apartments. Comparison should be made with income from similar holiday letting properties on the site or on similar sites.

2.3.8 Income from Revenue Producing Buildings and other Activities Operated by Site Proprietor

Gross receipts (net of VAT) for the 2014 season from revenue producing buildings and other activities on site, less the cost of purchases and cost of entertainment where relevant. This will include income from retail outlets, bars, restaurants, and from the sale of bottled gas. The Valuer should be satisfied that the 2014 season's income is derived from a 'normal' occupancy rate for the site. If the Valuer is not so satisfied then an adjustment either up or down to the 2014 actual income may be required to reflect normal occupancy.

2.3.9 Income from Concessions

Income, by way of concessions, received from the use of buildings and land, will be added direct to net annual value. The amount will be subject to adjustment to reflect the site operator's liability for repairs, insurance and services. The amount to be added will normally be 50% of the concession.

2.3.10 Income from the Winter Storage of Touring Caravans

The first £5,000 gross receipts (net of VAT) from the winter storage of touring caravans should be valued at the standard rental percentage for the site, the gross receipts (net of VAT) in excess of £5,000 should be valued at a rental percentage between 25% and 35%. The more basic the storage site the higher the percentage adopted. This approach only applies to caravans stored at a caravan park.

2.4 **Percentages to be Applied to Total Adjusted Income (2.3.1 to 2.3.8)**

Net annual value will be assessed at between 10% and 14.5% of the total adjusted turnover. A park with a large range of built facilities and/or a large proportion of fleet vans will be assessed towards the bottom end of the percentage range. Non commercial parks with no fleet vans and a substantial proportion of touring pitches will be assessed towards the upper end of the percentage range.

2.5 Guide to Application of Percentages

A					
Sites where touring pitch income amounts to 0-10% of total adjusted income, where less than or equal to 100 Effective Fleet Units					
Number of fleet units as a % of total vans on site	No buildings (other than toilet blocks)	Shop and recreation room	Limited Profit and non profit buildings. Possibly outdoor pool	Standard Profit and non profit buildings. Indoor pool, entertainment & eateries	Extensive non profit and profit facilities. Large indoor pool & significant entertainment & eateries
75-100	12.0	11.5	11.0	10.5	10.0
30-75	12.5	12.0	11.5	11.0	10.5
10-30	13.0	12.5	12.0	11.5	11.0
Under 10	13.5	13.0	12.5	12.0	11.5

Where there are over 100 Effective Fleet Units, the percentage should be amended as shown					
75-100	11.5	11.0	10.5	10.0	9.5
30-75	12.0	11.5	11.0	10.5	10.0
20-30	12.5	12.0	11.5	11.0	10.5
10-20	13.0	12.5	12.0	11.5	11.0
Under 10	13.5	13.0	12.5	12.0	11.5

Where there are over 400 Effective Fleet Units, the percentage should be amended as shown					
75-100	11.0	10.5	10.0	9.5	9.0
30-75	11.5	11.0	10.5	10.0	9.5
20-30	12.0	11.5	11.0	10.5	10.0
10-20	12.5	12.0	11.5	11.0	10.5
Under 10	13.0	12.5	12.0	11.5	11.0

B					
Sites where touring pitch income amounts to 10-30% of total adjusted income, where less than or equal to 100 Effective Fleet Units					
Number of fleet units as a % of total vans on site	No buildings (other than toilet blocks)	Shop and recreation room	Limited Profit and non profit buildings. Possibly outdoor pool	Standard Profit and non profit buildings. Indoor pool, entertainment & eateries	Extensive non profit and profit facilities. Large indoor pool & significant entertainment & eateries
75-100	12.5	12.0	11.5	11.0	10.5
30-75	13.0	12.5	12.0	11.5	11.0
10-30	13.5	13.0	12.5	12.0	11.5
Under 10	14.0	13.5	13.0	12.5	12.0

Where there are over 100 Effective Fleet Units, the percentage should be amended as shown					
75-100	12.0	11.0	10.5	10.0	9.5
30-75	12.5	12.0	11.5	11.0	10.5
20-30	13.0	12.5	12.0	11.5	11.0
10-20	13.5	13.0	12.5	12.0	11.5
Under 10	14.0	13.5	13.0	12.5	12.0

C					
Sites where touring pitch income amounts to 30-50% of total adjusted income, where less than or equal to 100 Effective Fleet Units					
Number of fleet units as a % of total vans on site	No buildings (other than toilet blocks)	Shop and recreation room	Limited Profit and non profit buildings. Possibly outdoor pool	Standard Profit and non profit buildings. Indoor pool, entertainment & eateries	Extensive non profit and profit facilities. Large indoor pool & significant entertainment & eateries
75-100	13.0	12.5	12.0	11.5	11.0
30-75	13.5	13.0	12.5	12.0	11.5
10-30	14.0	13.5	13.0	12.5	12.0
Under 10	14.5	14.0	13.5	13.0	12.5

Where there are over 100 Effective Fleet Units, the percentage should be amended as shown					
75-100	12.5	12.0	11.5	11.0	10.5
30-75	13.0	12.5	12.0	11.5	11.0
20-30	13.5	13.0	12.5	12.0	11.5
10-20	14.0	13.5	13.0	12.5	12.0
Under 10	14.5	14.0	13.5	13.0	12.5

The above percentages may be varied by plus or minus 0.5% and exceptionally plus or minus 1.0% to reflect features affecting the net profitability of a particular site. For example, where the buildings and facilities are of a particularly high standard with low maintenance and running costs the percentage may be increased by up to 1.0%. Similarly, the percentage may be reduced by up to 1.0% to reflect exceptionally high annual outgoings or where the operator supplies a very high quality service provision including facilities such as hot tubs.

3.0 GENERAL

3.1 When no questionnaire or accounts have been returned in respect of a particular site, the valuer will make an assessment of the sustainable gross receipts likely to have been achieved during the 2014 season. This can be done by comparing with actual receipts achieved at similar sites.