

Revaluation 2017

Miscellaneous Properties Committee

Practice Note 27 Valuation of Visitor Attractions

1.0 Introduction

- 1.1 This practice note should be used for the valuation of tourist and visitor attractions. These terms can be applied to a wide variety of subjects but may include zoos, safari parks, wildlife centres, aquaria, amusement parks and theme parks. It may also be appropriate to apply the same approach to other subjects such as interpretative historic attractions where the building, or site itself, forms part of the subject matter.
- 1.2 It may be appropriate in some cases to identify different purposes of occupation in identifiably different parts of the property. Even if occupied by the same or related occupier it may be necessary, after considering all of the circumstances, to make separate entries in the Valuation Roll. The presence of a pay boundary, for example, excluding a restaurant or shop, combined with other factors such as a distinction between the clientele using the exhibition rooms and those using the restaurant or shop, may lead to the making of separate entries for the exhibition rooms and the restaurant/shop.

2.0 Basis of Valuation

- 2.1 General
It is recommended that all subjects within this category are valued on the Comparative Basis by reference to gross receipts. If the subjects are not occupied with the intention of maximising income/profit then consideration should be given to an alternative approach. Shops, restaurants etc. for which separate entries are appropriate should be valued in accordance with normal practice for such subjects.
- 2.2 Percentage
Subjects should be valued within the range of 4% to 10% of gross receipts to NAV in accordance with the table at 2.6 below.
- 2.3 Gross Receipts
Gross receipts from relative tone years should include all entrance fees, reimbursement of free entrance for members and promotions, car parking etc. Income from shops, restaurants, etc. should only be included in gross receipts if separate entries are not appropriate. Franchise fees or the gross income from franchised operations should not be included with the gross receipts (see below at 2.7).

2.4 In cases where opening times are voluntarily restricted in a way which appears out of line with similar properties, notional gross receipts should be adopted by comparison with those properties.

2.5 Gross receipts are used in this method of valuation as an indicator of the suitability of the subject for its purpose and as a general comparator. Significant levels of income from a shop or restaurant should be dealt with carefully to ensure that the percentage adopted produces a valuation that is reasonable in relation to any similar shop or restaurant nearby.

2.6 Recommended Percentage of Gross Receipts to NAV

The upper level would generally apply to a property that has relatively low overheads and or higher turnover. The table below gives guidance on the typical percentages to be applied in various examples. Care should be taken in rigidly applying a single percentage to any one class of property. These subjects have relatively fixed costs, and the marginal change in profitability can be significant as turnover increases.

	Animal Parks, Farm Parks, "Themed" interpretative centres	Zoos, Aquariums, Safari Parks,	Theme Parks & modern "High Tech" attractions
Poor	4%	5%	6%
Average	5%	6%	8%
Good	6%	7%	10%

2.7 Franchise Fees

It is recommended, as a guide, that franchise fees received should be added direct to NAV at 50% and not included with gross receipts.

2.8 Rental Information

Rental information, where available, may provide useful evidence of value. Care must be taken however as rents will often disregard tenants improvements and will require considerable adjustment. The resultant valuation should be expressed as a percentage of gross receipts and checked against other subjects.

2.9 Accounts Information

Where full accounts are available it may be possible to carry out a full "receipts and expenditure" valuation. This would provide a useful check and may form the primary valuation method in appropriate circumstances.