

# Department Stores

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**Definition** For the purposes of valuation, a *Department Store* is a retail outlet with a number of different departments, each dealing in a different type or brand of goods or services.

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**Basis for valuation** The valuation of a department store is based on its annual rental value at the valuation date. This is determined by analysing the actual annual rent of that property (if applicable) and that of comparable properties.

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**Confidentiality** Some of the information in the valuation report is confidential. Subject to the requirements of the Freedom of Information Act, such information will be provided only on receipt of written instructions from the occupier.

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**Information needed for valuation** The following information is needed in order to arrive at the valuation of a department store:

- Measurements
- Other factors affecting the annual rental value of the property
- Lease or purchase details

During the valuation survey and inspection, information is collected on each of these items, as detailed below.

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# Department Stores, Continued

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**Measurements**

Department stores are measured to Gross Internal Area (GIA), as described in the Valuation Office Rating Code of Measuring Practice.

The following details are recorded during the survey:

- Area of each sales floor  
**Note:** if the premises has a recessed frontage, the property is measured to the line of the demise.
  - Area of outdoor/external retail sales areas
  - Floor to ceiling height in the retail area
  - The total indoor retail sales area
  - Area and use of ancillary accommodation
  - Position of structural walls within the store
  - Type and location of access to upper floors and basement areas
  - Size and position of permanent features such as staircases, columns, lifts, etc.
  - Details of any shared entrances
  - Age and type of building (purpose-built or converted).
  - Car parking arrangements
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**Other factors affecting value**

Other features that may affect the store’s rental value are noted, such as access/loading facilities, varying floor levels, layout, low ceiling height, and air-conditioning systems.

Any statutory provisions, such as the Urban Renewal Acts, that may have an impact on market rents

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## Department Stores, Continued

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### Details of lease

For **leasehold** properties, details of the lease are recorded as follows:

- Commencement date
- Length of lease
- Rent review interval
- Date of last rent review
- Current annual rent (net of VAT)
- Stepped rent
- Who is liable for rates, internal/external repairs and building insurance
- Break clauses in lease
- Rent free periods
- Date of purchase and price paid for leasehold interest (key money)
- Premiums paid in lieu of rent
- Whether let in shell form or fitted
- Any clause in the lease that restricts the use of the premises

Details (including dates) of expenditure incurred on the construction, alteration, improvement or redevelopment of the property are also recorded, and the contribution to fit out made by the landlord and by the tenant.

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### Details of purchase

For **freehold** properties, details are recorded as follows:

- Purchase Price (net of VAT)
  - Date of purchase
  - Details (including dates) of expenditure incurred on the construction, alteration, redevelopment, improvement and fit out of the property
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