

Shops in Shopping Centres

Definition For the purposes of valuation, a *Shopping Centre* is a collection of retail outlets in a single development, with shared access and common areas.

Basis for valuation The valuation of a shop in a shopping centre 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.

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.

Information needed for valuation The following information is needed in order to arrive at the valuation of a shop in a shopping centre:

- 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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Measurements Shops in shopping centres are measured to Gross Internal Area (GIA), as described in the Valuation Office *Rating Code of Measuring Practice*. This includes any offices, canteens, stores, changing rooms, toilets and mezzanines in the premises.

Food courts are also measured to Gross Internal Area (GIA).

The following details are recorded during the survey:

- Internal shop frontage
- The area and use of all floors, including mezzanines
Note: if the premises has a recessed frontage, the property is measured to the line of the demise.
- Details of any shared entrances
- Size and position of permanent features, such as staircases, columns, lifts, etc.
- Type and location of access to upper floors and basement areas
- Area and use of ancillary accommodation
- Position of structural walls within the shop
- The total outdoor/external retail sales area
- Car parking arrangements.

Measurement of zoned areas To determine the rental value of a shop in a shopping centre, its floor area may be divided into a number of zones, as described in the Valuation Office *Retail Zoning Guidance Notes*. In this case, the actual area of each zone is measured and recorded.

Survey records should be such as to avoid the need for re-inspection if zoning patterns change in the future.

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

In food courts, the developer of the shopping centre usually remains in occupation of communal seating areas, with the kiosk operators paying rents for their individual kiosk areas. In such cases, the terms of the letting agreement should be established, preferably by obtaining a copy of the relevant documentation.

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

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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.

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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