

VALUATION PRACTICE NOTE – Supermarkets

Version 1.0

1. Property Description

1.1. For the purposes of valuation, a *Supermarket* is a retail outlet that sells a wide range of grocery items and possibly other goods, which is largely self-service, with the customers paying for their purchases at checkout desks.

1.2. There are three principal types of Supermarket:

- Supermarket (200-500 sq.m) – These are usually older units located within Towns or can be new units located within a parade of shops.
- Supermarket (500-2,500 sq.m) – Can be modern purpose built or older buildings. The smaller ones tend to be located within the towns with larger stores occupied by Aldi, Lidl, Tesco etc located on the edge of town or stand alone units.
- Supermarket (> 2,500 sq.m) - Larger modern purpose built units – They can be found as anchor tenants in shopping centres, as stand-alone units and on high streets. Tesco and Supervalu generally occupy the larger supermarkets.

2. Rateability

2.1. Supermarkets are rateable Relevant Property in accordance with Section 15 and Schedule 3 paragraph 1 (a) of the Valuation Act, 2001 - 2015.

3. Basis / Methodology of Valuation

3.1. The valuation of a property for Revaluation purposes is carried out under section 48 of the Valuation Act, 2001 – 2015.

3.2. The valuation of a property for Revision purposes is carried out under section 49 of the Valuation Act, 2001 – 2015.

3.3. The valuation of a retail unit for Revision purposes is determined by reference to the Tone of the List using the Comparison Method of valuation.

3.4. A rate of value is applied on a per square meter basis to retail and ancillary space. Consideration should be given to the following elements in order to arrive at the Net Annual Value of the property:

- The size and character of the sales area.
- The construction type and age of the building.
- The amount and positioning of the space allocated to stores relative to the sales area.
- Location and Access.
- Loading facilities.
- Ease and adequacy of parking.

4. Survey / Inspection

4.1. The following information will be noted:

- Property Location
 - The suitability of the location for this particular use.
 - The market rating of the location such as prime, secondary etc.
 - Accessibility.
 - Predominant adjoining uses e.g. retail, mixed commercial, residential.
- Nature of the retail space and facilities.
 - Open plan, partitioned, solid wall cellular, location of pillars, shadow areas, stores, WCs etc
 - Size of floor plates
 - Rear access/Loading facilities
 - Displays
 - Lighting
 - Lifts- Goods and Passengers
 - Escalators
 - Floor finishes
 - Eaves Height
 - Ceiling Heights
 - Structural division walls

- Mezzanine level Heights
 - Mezzanine Specification
 - Air handling / Heating type
 - Concessions within the Store
 - User clauses
 - Car / Bike parking spaces – see paragraph 7 below.
- Measurements – see paragraph 5 below.
 - Any other factors that may affect the annual letting value of the property
 - Lease or purchase details.

Any statutory or local planning provisions in force that may have an impact on rental will also be noted.

5. Measurement

5.1. Supermarkets are generally measured to Nett Internal Area (NIA) or Gross Internal Area (GIA) depending on size and location. This includes any offices, canteens, stores, changing rooms, toilets and mezzanines in the premises.

6 Valuation Considerations

6.1. Considerations

- The area and use of each floor, including mezzanines
- Internal shop frontage (smaller supermarkets generally)
- The total retail sales area
- Area and use of ancillary accommodation
- Position of structural walls within the supermarket
- 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
- Profile and external frontage.

6.2. Fit Out - Large Supermarkets spend considerable sums fitting out stores. Most stores are held freehold and are assessed at values based on shell and core rents and an addition needs to be added to convert shell to fully fitted out rent/NAV.

6.3. Valuation levels for Ancillary areas - There will be situations where areas such as stores/offices/freezers etc which are ancillary to retail areas will be contained within the same structure. The value attributed to these areas will be the same as that adopted for the retail element. This is mainly applicable to larger supermarkets.

7. Car Parking

7.1. Car parking arrangements associated with retail units will be dealt with as follows:

- Common car parking facilities serving retail units will be reflected in the rent passing. Under these circumstances these facilities will be reflected in the passing rent.
- Where the building occupier occupies car spaces at a physically separate location then they will be valued as a separate relevant property with a description of 'carpark'.

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