

NON DOMESTIC REVALUATION 2003

CLASS: 253

SUB-CLASS: REST

TYPE: DR

DRIVE THRU RESTAURANTS

DRIVE-THRU RESTAURANTS

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1.0 Description

Drive-thru restaurants were introduced into Northern Ireland during the 1990's and traders usually operate under the trade names of McDonalds and Kentucky Fried Chicken. Generally, the initial outlets

were operated on a franchise basis, however, more recently especially in the case of McDonalds, the company itself operates the outlet.

2.0 District Responsibilities

2.1 District Valuers are responsible for the inspection, survey and valuation of all subject types in their Districts using the valuation guidelines as set out by the specialist district.

3.0 4th Reval Basis of Valuation

3.1.1 There was a paucity of open market rental evidence for this type of hereditament, and what evidence was available, was corrupted by the fact that individual franchise letting arrangements varied greatly and included base rent, plus franchise fee, plus company advertising etc., thus it was decided to use a banding system across the province giving a location and value range within which individual VLA Districts could operate.

4.0 5th Reval Basis of Valuation

The comparative method will again be used with values assessed within agreed valuation bands for different types of property.

5.0 Inspection Procedures

5.1 Survey should be internal as per the code of Measuring Practice for Rating Purposes to arrive at NIA.

6.0 Valuation Approach

6.1 At the time of 4th Reval, the drive-thru' was still in its infancy in NI. Since then continued acquisition by the key players has led to the view that the market is now more or less at saturation point. Many franchisees have been actively trying to sell back their franchise to the company as their profits have been eroded by increased competition.

6.2 Some recent acquisitions have been on a rental basis in order to limit capital cost. These rents, however, are for the sites only. The size of unit erected is determined by the operators view of how much business will be sit-in.

6.3 From what rental evidence is available it is clear that there has been some growth in the rental value of these properties, though not as

much as in the retail sector generally. The following table should be used to establish the value band for each property. The value bands have been agreed with industry representatives. Actual value within the band should have regard primarily to quality of location – visibility, accessibility and proximity to other leisure and retail uses being important factors.

Category	Valuation Band
Prime	£250 to £325 per sq metre
Retail Park/Shopping Centre (Primary)	£175 to £250 “ “ “
Retail Park/Shopping Centre (Secondary)	£125 to £175 “ “ “
Arterial Routes (Main)	£125 to £175 “ “ “
Arterial Routes (Secondary)	£50 to £125 “ “ “
Other	Up to £100

As with the banding system at 4th Reval, it is agreed this may not be a catch all system and there may be the rare occasion when a hereditament will lie outside the defined banding.

7.0 Forms of Return

Occupiers generally pay stepped turnover rents which are of little assistance. Forms of Return are not required.

8.0 Contacts

For advice on any aspect on the above, contact Gerry Sowney at Ballymena 028 25660725 (internal 65725) or at gerry.sowney@dfpni.gov.uk.