

Demystifying property/ business valuations

- Valuations can vary depending on purpose and reason
- Garden centre valuations require detailed market knowledge
- To ensure accuracy, ask for a specialist valuer

For confidential and expert garden centre property advice, please contact the partners:

Mike Gilbert

01344 636386 or mgilbert@gilbertevans.com

and

Allen Evans

01344 636446 or aevans@gilbertevans.com

Gilbert Evans is the sole preferred supplier of property advice to the HTA. Members can contact us via gardencentres@hta.co.uk



Valuations of a property/business can be confusing as they can vary significantly depending on the purpose and the reason for the valuation.

Capital Values: Capital values will differ depending on the interest to be valued, i.e. freehold or leasehold. They will also differ depending on whether they are for asset, accounts, loan security or for tax purposes. In addition, valuations can vary depending on the valuer's experience and knowledge. For formal valuations, valuers are not permitted to forward value. Reported valuations must be current or referenced to a past date.

Rental values: These can be prepared for rent review, lease renewal, and rating purposes. Valuation dates may be dictated by statute or procedure. Sometimes, if dealing with a lease renewal, the effective valuation date may be floating and may be determined by the date of the court decision.

Loan security valuations: As well as a trading value, lenders will normally require a 'closed' valuation, assuming the business has ceased trading and assuming detailed trading accounts are not available. This approach normally excludes any element for 'potential', usually resulting in a significantly discounted valuation.

Market values: Valuers must underpin opinion by comparable market transactions. An indication of value provided for marketing purposes is an opinion of value. Transactions set the market value; an opinion of value reflects that market.

Garden centres are a specialist property category requiring specific market knowledge and a grasp of how well the business is being run. They are normally sold as 'going concerns' allowing for continuity of trade. Values are made up of three main elements - land, buildings and trade potential. The valuation must reflect the physical nature of the asset, trade performance, catchment, demographics, trade potential and planning consent. To achieve an accurate valuation of any type, it is essential to use a valuer with specialist knowledge of the market.