GARDEN CENTRE VALUATIONS - 
ADVICE NOTE

This note has been prepared as a background document. It is a brief guide and is no substitute for taking appropriate professional advice.

Background

Gilbert Evans is the HTA’s preferred suppliers of property advice to garden centre members. We operate the property and concession advice help-lines.

Gilbert Evans’ garden centre team is headed up by Mike Gilbert and Allen Evans, Chartered Surveyors, who have been involved in buying, selling and valuing garden centres for over 15 years. Gilbert Evans is involved in most of the UK’s garden centre business sales, with the team having handled nearly £150million of transactions in the last 5 years.

Garden Centre Valuations

The following note covers the key areas garden centre owners should take into account when considering a disposal of their garden centre business.

Garden centres now provide an alternative retail leisure experience catering for a multimillion pound market. Over the past 20 years, the demand from the consumer has grown at quite an extraordinary pace. Unlike the high street, garden centres have reported consecutive year-on-year, like-for-like growth. This is partially a reflection of their relaxed retailing and leisure experience that has a wide appeal to all generations of the shopping public. Many high-street retailers recognise the trend, and understand the importance of garden centres to the shopper. Retailers specialising in leisure and lifestyle products are finding a new and profitable sales channel through garden centres.

Traditionally the three most important factors affecting property values are location, location, location; but for garden centres it might equally read potential, potential, potential.

In considering the valuation approach it is necessary to refer to the Guidance notes of the RICS Appraisal and Valuation manual.

The valuation of all operational entities is made up of three distinct parts:

1) The Land & Buildings
2) Trade fixtures and fittings
3) The market perception of the trading potential excluding personal goodwill.
The valuation method adopted by a valuer must reflect the approach generally used by the market and similar to other commercial property this would usually be by analysis of comparable transactions. Accordingly the valuer must have first hand experience of such comparisons. This experience, to be of any beneficial use and to be able to draw a correct comparison, will include a detailed study of:

- the trading accounts
- merchandise ranges and business mix
- the relevant planning history
- Goodwill – but only so far as it is transferable
- Other key information.

Other factors determining value include:

- Catchment population
- Population demographics
- Competition
- Accessibility
- Site size
- Building size
- Catering
- Net profit

Many garden centres, whether independently run or part of a chain, will incorporate concessions on-site to complement their own trade with specialist operators. While such concessions add value, the income generated may need to be valued as a high risk.

Sale and leaseback is surely going to be one of the future routes for garden-centre expansion, enabling the property sector to work alongside garden centres. Valuations of these properties, quite clearly, have to adjust correspondingly to keep pace with the sophistication of the industry.

Conclusion

The garden-centre market is an emerging opportunity that does not seem to be quite so adversely affected by the current downturn on the high street. While displaying many of the attributes of other types of commercial property, garden centres have their own individual characteristics that make the process of valuation somewhat different to other parts of the retail sector. Consequently, specialist skills and an in-depth knowledge of the garden-centre market are required if they are to be valued accurately and effectively.

For an informal, confidential, discussion in respect of any of the above, please do not hesitate to contact:

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