

Basis for conclusions

Valuation of medical centres and surgery premises,
RICS professional standard, UK, 3rd edition, 2025

Executive summary

Health is a key matter of public interest and a large and growing sector of the economy. This updated professional standard (comprising an update to the GN60/2010 guidance note) will help RICS valuation professionals provide sound, contemporary advice in this area.

This professional standard is concerned with the valuation of medical centres and surgery premises occupied by doctors and other similar practitioners for medical or health services. It is aimed to support the practice, knowledge and performance of RICS members and RICS-regulated firms working across the medical centre and surgery premises sector, as well as other industry stakeholders, including the NHS, investors, developers, lenders, legal experts and other professionals with an interest in the primary care health sector.

The professional standard will enable RICS valuation professionals to learn about common approaches and benchmarks across the medical centre and surgery premises sector. It will also assist professionals working in this sector in helping build efficient and consistent practice in the valuation of these premises.

An expert working group comprising 11 members from a diverse range of professional backgrounds and geographic locations in the primary healthcare sector has supported the development of the professional standard.

This basis for conclusions document aims to provide a summary of the approach to the project, insights into the consultation responses received and the decision-making process.

Background

GP medical centres are primary care facilities that provide a range of health services to local communities, such as general practice, pharmacy, dentistry, physiotherapy and minor surgery. They are typically leased to the NHS or GP partnerships on long-term contracts, with rent reviews linked to inflation or market value.

The UK GP medical centre property market is a niche sector that also offers attractive opportunities for investors who are looking for stable, long-term returns. According to agents, there are over [8,000 GP medical centres in the UK, with a total value of around £12 billion](#). As a result, GP medical centres have become an attractive asset class for investors who are looking for stable, long-term returns with low risk.

The demand for GP medical centres is expected to increase in the future, as the population ages and requires more health care services. The [NHS Long Term Plan](#) also emphasises the need for more investment in primary care infrastructure, to improve access, quality and efficiency of care.

The medical market is a changing one. UK regulation relating to the operation of medical premises and the way the health market operates has evolved since 2010 (when RICS last issued valuation guidance in this sector), which some argue has been further escalated by the COVID-19 pandemic. The subject practice information is relied on by numerous public stakeholders and, therefore, needs to be fully up to date.

A summary of the updates that have been carried out in this review are as follows:

1. Full update of the content including legislative changes in the NHS Framework and BMA guidance.
2. Addition of a sustainability and ESG section.
3. Addition of designated appendices relating to Scotland, Wales and Northern Ireland, highlighting any key variations in guidance from England.
4. Further guidance on the practice of 'top up' rents in the sector.
5. Updating of measurement practice in the sector.
6. Signposting to updated relevant RICS valuation guidance.
7. Signposting to updated RICS DCF guidance content.
8. Signposting to updated RICS ESG guidance content.

Development process overview

1. A primary healthcare valuation forum was held on 23 March 2023 to gather feedback on the scope, content, timing and application of the update to the professional standard.
2. Lead authors, a chair and a working group were commissioned from a diverse range of stakeholders in the primary healthcare sector. John Hearle, well known in this specialist sector and who had overseen the updating of GN60/2010, was recruited as chair to ensure continuity. It was deliberately ensured that opposing views on several key issues were represented in the group.
3. A public consultation was held 2 September to 4 October 2024, to gauge feedback and inform the development of the standard.
4. RICS' in-house editorial team copyedited the text, checked the overall style and presentation of the document and aligned it with RICS' house style and standards framework.
5. The development and final publication of the standard was also informed by our internal governance mechanisms including the Valuation Professional Group Panel, the Global Valuation Standards Expert Working Group, the, the Knowledge and Practice Committee and the Professional Standards Steering Group, who approve standards on behalf of the Standards and Regulation Board.

Engagement and insights

Valuation of medical centres and surgery premises, RICS professional standard, UK, (3rd edition) is built on the foundations of user feedback.

Primary healthcare valuation forum

1. A forum was held to gain insight on members' views on the scope, application, content and timing of the next update of *Valuation of medical centres and surgery premises*, RICS professional standard.
2. This was held on 23 March 2023 and attended by approximately 30 representatives from key stakeholders in the UK primary healthcare sector.
3. The findings were:
 - A full update of the existing content of GN60/2010 was required, including legislative changes in the NHS Framework and BMA guidance.

- Addition of a sustainability and ESG section was required.
- Addition of designated appendices relating to Scotland, and Wales was required, and also incorporating additional information in respect to Northern Ireland, highlighting any key variations in guidance from England.
- Further guidance on the practice of 'top up' rents in the sector was required.
- Updating of measurement practice in the sector.
- Signposting to updated relevant RICS valuation guidance.
- Signposting to updated RICS DCF guidance content.
- Signposting to updated RICS ESG guidance content.

Consultation process

1. A public consultation took place from 2nd September to 4 October 2024.
2. The consultation process was facilitated using [iConsult](#), RICS' interactive platform, where participants were encouraged to provide feedback on the draft document and/or respond to a questionnaire.
3. The consultation site provided free downloads of:
 - the proposed draft
 - a questionnaire document asking nine specific questions relating to the update.
4. The consultation was supported by a comprehensive communications strategy, which included:
 - i) a social media campaign (e.g. [LinkedIn posts](#) and features in LinkedIn newsletters)
 - ii) features in RICS newsletters, such as the 'All Profession'
 - iii) posts on [MyRICS Community](#)
 - iv) direct emails from the RICS Valuation team to over 200 key stakeholders, including the primary healthcare property forum, the [Valuation PGP](#) and the Global Valuation Standards Expert Working Group.

Statistics

1. We received 130 responses, in the form of 20 questionnaire responses and 110 comments on the draft standard. There were 348 downloads of the draft standard.
2. Among the participants were a range of valuation firms, clients, professional associations representing pharmacies, and specialist consultants. We received responses from individuals and small firms to large multi-national firms and organisations.

Key themes from the consultation and the RICS response

This document does not attempt to summarise every consultation response, nor provide the full rationale for how RICS managed each response. However, considering these public comments, this document outlines a proposed path forward, as well as key matters addressed in the finalisation of the standard following the consultation.

Though it would not be helpful to respond to every comment in this summary, we are able to reassure respondents that every comment and response has been recorded, analysed and considered. The final published version of *Valuation of medical centres and surgery premises* is greatly improved by these contributions. In addition to the matters below, numerous corrections, amendments and style considerations were made directly because of consultation feedback. We greatly appreciate the responses received.

Key themes

1. Responses received ranged from highly technical to more general comments relating to implementation and clarity. The broad themes are highlighted below, together with RICS' responses.

Measurement practice

2. Measurement practice was the major theme of the feedback, with strong opposition particularly from investor/owner stakeholders to what some were (wrongly) perceiving as representing changes from establishing practice. Specific feedback included opposing exclusion from Net Internal Area of:
 - WCs shared between staff and patients (including disabled WCs)
 - link corridors
 - cleaners' cupboards used for infection control
 - roof terrace gardens
 - the treatment of non-GMS areas generally (admin areas, support areas, facility management areas, common areas).

RICS' response

3. The issue of measurement practice (which had already been debated extensively within the working group process) was revisited by the working group and the relevant consultation feedback in this area discussed. In fact, no major deviations in measurement practice had been intended from the existing GN 60/2010. Several additional comments have now been incorporated into the relevant measurement section of the document (including 'Appendix A: Floor plan examples showing NIA calculation') to provide additional clarity.

Environmental, social and governance factors

4. We received some responses indicating that guidance in respect of considering ESG factors had been underplayed.

RICS' response

5. We have revisited the relevant section and provided further guidance in this area, including signposting relevant links to ESG content contained in the recently published *RICS Valuation – Global Standards* (Red Book Global Standards).

Top up rents

6. Feedback was received that further clarity was required in this technical area.

RICS' response

7. This section of the guidance has been revisited by the working group, expanding on existing guidance, while remaining with high-level guiding principles only.

Pharmacy rentals

8. Throughout the exercise, there has been strong lobbying of RICS by the pharmacy associations in respect of the methodology commonly used for calculating pharmacy rents and concern at prevailing high rental levels, despite various structural changes in this sector. This lobbying continued into the consultation process.

RICS' response

9. This specific area has been extensively discussed and debated in the working group by stakeholders with opposing views on the subject in view of their vested interests, including a representative from Boots and a representative from PHP, one of the leading investors/developers in the sector. This process had been mediated by an arbitrator/independent expert experienced in pharmacy rent determinations.
10. The chair of the working group took the view that the professional standard sets out the methodology of valuation, not the level of currently established rent. The professional standard cannot change existing rents or the terms of leases the rents relate to. However, a valuer needs to be fully aware of the changes to the pharmacy industry including the impact of EPS, GP telephone consultations and online pharmacies on integral surgeries. The professional standard attempts to cover these and directs valuers to the changes and emphasises the need for valuers to be fully qualified and experienced in both pharmacies and health centres.
11. Additional wording was incorporated into the professional standard alluding to major wholesale structural changes in the pharmacy sector, which valuers need to be aware of.