



MISCELLANEOUS PROPERTIES COMMITTEE

Practice Note14

REVALUATION 2005

Valuation of Marinas

1.0 INTRODUCTION

A Marina can be described as a natural or artificial harbour for privately owned pleasure boats, both motor and sail. In Scotland they are found at coastal locations, on tidal rivers, estuaries, and on lochs. Large sums of money are involved in establishing and developing Marinas especially in coastal locations and there is no doubt that operating a Marina is a high risk business.

This practice note should be applied to the valuation of marinas where the core business is derived from the letting of berths on an annual or seasonal basis.

2.0 BASIS OF VALUATION

There are no meaningful rents for Marinas in Scotland. Accordingly, and bearing in mind that many of the subjects have a quasi or actual 'monopoly of place', it is recommended that a modified Receipt's and Expenditure basis is adopted.

2.1 Valuation

The N.A.V. will be arrived at by **calculating Basic N.A.V.** and adding **Additional Income N.A.V.**

2.2 Basic N.A.V.

2.2.1 The basic N.A.V. is to be determined by taking a percentage of the **Maximum Berthing Income** achievable from yearly and/or Seasonal Berthing Fees as at 1st April, 2003. The percentage to be adopted will vary depending upon the level of actual or sustainable occupancy at 1st April, 2003 and the location of the Marina (See Table 2.2.4).

2.2.2 Calculation of Maximum Berthing Income

Reference should be made to the Operator's records. Alternatively an estimate of the Marina Berthing Income can be calculated by applying the actual berthing rates (net of VAT) to the **Maximum Lettable Length** of Marina berths. Some assistance in this may be given in Appendix 2.

Calculation of the **Maximum Lettable Length** of Marina berths should be in accordance with the attached Code of Measuring Practice (Appendix 1). Alternatively, the maximum number of boats which can be moored should be estimated and applied to the appropriate berthing rate.

2.2.3 Calculation of Actual/Sustainable Occupancy

This will be the level of occupancy which the hypothetical tenant could have anticipated as at 1st April, 2003 for the forthcoming year, having regard to the occupancy levels and trends achieved in previous years and expressed as a percentage of full occupancy.

2.2.4 Table of Scales to be Adopted

Sustainable Occupancy at 01/04./03 As a percentage of Full Occupancy	Percentages to be applied to Maximum Berthing Income			
	West Coast of Scotland Marinas	River Forth and its Estuary Marinas	Remainder of Scottish Coastal Marina Locations	Inland Marinas
100%	12.5	11.5	10.5	16
90%	10.8	9.8	8.8	14
80%	9.2	8.2	7.2	12
70%	7.8	6.8	5.8	10
60%	6.4	5.4	4.4	8.2
50%	5	4	3	6.5

The coastal scales will apply to all Marinas which are significantly affected by tidal movement. All other Marinas should be valued on the 'inland scale'. The lower percentage adopted for coastal locations reflect increased maintenance costs which could normally be expected from significant tidal erosion.

Where occupancy falls between the above figures the percentage adopted should be derived from interpolation on a straight line basis.

2.3 **Additional Income N.A.V.**

Additional income to berthing income should be calculated by deducting the actual berthing income from the total gross receipts from all other sources of the Marina, as estimated at 1st April, 2003. This income should be valued by adopting an appropriate proportion of the percentage which has been applied to the Maximum Berthing Income from Table 2.2.4. The variable proportions shown below reflect the relative profit margins of the different income sources.

N.B.

Income from visiting boats in the nature of a daily or weekly berthing fee is, for the purposes of this report, to be included as additional income and not included as berthing income.

Additional Income Sources		Factor to be Applied to Percentage Adopted From Table 2.2.4
1.	Out of water boat storage/ car parking/visitor berthing income	1.0
2.	Brokerage	0.9
3.	In house restaurant/public house	0.8
4.	Boat repair/workshops	0.7
5.	Craneage/boat movement	0.5
6.	Fuel sales/in house chandlery/laundry	0.25

For clarification of the above the following is an example:-

Marina on West Coast of Scotland which sustains an 80% occupancy rate at 1st April, 2003. Additional income from boat storage, craneage and fuel sales..

(From Table 2.2.4)

Percentage to be applied to Max. Berthing Income = 9.2%

(From Table 2.3)

Percentage to be applied to boat storage income = 9.2×1.0 = 9.2%

Percentage to be applied to craneage income = 9.2×0.5 = 4.6%

Percentage to be applied fuel sales income = 9.2×0.25 = 2.3%

Actual or estimated gross income (excluding VAT) should always be adopted. Where such facilities are let, e.g. restaurant, and are the subject of a separate entry in the Valuation Roll, the rental income will **not** of course be included as additional income.

If trading Accounts have not been returned a realistic estimate of additional income will have to be made from knowledge of comparable Marinas.

2.3.1 Income from Concessions

Income, by way of concessions, received for the use of buildings and land will be added direct to Net Annual Value. The amount will be subject to adjustment to reflect the site operators liability for repairs, insurance and services. The amount to be added will normally be 50% of the concession.

2.4 End Allowances

2.4.1 Since berthing tariffs should reflect the quality, general facilities, location and access of each Marina, the N.A.V. arrived at above need only be adjusted for extraordinary features.

End Adjustments may be required for:-

- (a) **Excessive dredging.**
- (b) **Provision/maintenance of Lock (although this may save on dredging costs)**
- (c) **Excessive sea defences.**

The sum of this expenditure would normally be within 5% of the Maximum Berthing Income. Expenditure above this level should be reflected by a deduction pro-rata to the amount in excess of 5%. (Note should be taken of the costs over a number of years rather than isolated expenditure, in order that one-off extraordinary costs are eliminated).

2.4.2 Valuer's Discretion

This practice note is intended to provide guidance in arriving at the N.A.V. of Marinas. As in all valuation for rating, the Valuer must arrive at what he considers to be a reasonable valuation having regard to the provisions of the Lands Valuation Acts. Accordingly, if rigid application of this scheme of valuation results in what is considered to be an unreasonable valuation, having regard to all the facts and circumstances as they relate to any given Marina, Valuer's discretion must be exercised as judged appropriate.

REVALUATION 2005
Valuation of Marinas
Code of Measuring Practice

1.0 PURPOSE OF CODE

The Code is to provide a uniform approach to the referencing of Marinas in connection with both the scheme of valuation and to calculate “maximum lettable length” of Marina berths in accordance with paragraph 2.2.2 of the report. If using maximum lettable length, in the calculation of berthing income, it will be necessary to exclude from the calculation those berths exclusively reserved for visitors, fuel, brokerage or repairs.

2.0 DEFINITIONS

2.1 Maximum Lettable Length

Shall be:-

- (a) In the case of Finger Pontoon berths, the length of the Finger Pontoon measured from the walkway to the extremity of the Finger Pontoon plus overage or reflecting any reduced length where mooring restrictions occur.
- (b) In the case of Alongside Berths, the total length of the walkway properly useable for the mooring of boats less 15%.
- (c) In the case of walkways/pontoons to post or buoy moorings, the length between the walkway/pontoon and post/buoy less 10%.

2.2 Overage

Shall mean any additional length extending beyond the length of the Finger Pontoon (up to a maximum of 10% of the length of the Finger Pontoon) which is properly useable when mooring a boat to the Finger Pontoon. Care will be required at some sheltered or inland marinas where overage actually exceeds 10% and is reflected in the berthing receipts achieved.

2.3 Reduced Length

Means any reduced length where a mooring is restricted by access, mooring post etc.

2.4 Alongside

Means a berth alongside a walkway or Pontoon.

2.5 Finger Pontoon

Means a floating or fixed Pontoon attached at an angle to a walkway.

2.6 Walkway

Means an access way or pontoon serving Finger Pontoons which may also be used for Alongside moorings and may be a floating structure, quay wall or a bank.

REVALUATION 2005
Coastal and Inland Marinas
Mooring Tariffs and Berths Available as at 01/04/03
As Published by the Royal Yachting Association

	Marina	Annual Cost Per Linear Metre (based on 9 metre craft) Exc. VAT	Number Of Berths
<u>Coastal/Tidal West of Scotland</u>	Oban Yachts and Marine Services Ltd, Ardenrive, Kerrera, By Oban, Argyll.	£112.34	45
	Ardfern Yacht Centre, Ardfern, Lochgilphead, Argyll.	£196.59	80
	Croabh Marina, Croabh Haven, Lochgilphead, Argyll.	£182.97	250
	Dunstaffnage Marina, Dunbeg, Oban, Argyll.	£174.47	150
	Kilmelford Yacht Haven, Kilmelford, Near Oban	£140.42	60
	Tarbert Harbour, Harbour Street, Tarbert, Argyll.	£77.50	60
	Campbeltown Loch Berthing Co. Ltd. Kerala, High Askomil Campbeltown	£66.00	40
	Rhu Marina Ltd., Rhu, Helensburgh, Dunbartonshire.	£216.00	200

Marina		Annual Cost Per Linear Metre (based on 9 metre craft) Exc. VAT	Number Of Berths
	Kip Marina, The Yacht Harbour, Inverkip, Renfresshire.	£246.76	700
	Clyde Marina, The Harbour, Ardrossan, Ayrshire	£184.80	200
	Largs Yacht Haven, Irvine Road, Largs, Ayrshire.	£258.90	630
	Troon Yacht Haven, The Harbour, Troon, Ayrshire.	£191.70	300

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<u>Coastal/Tidal</u> <u>East of</u> <u>Scotland</u>	Port Edgar Marina, Shore Road, South Queensferry, West Lothian.	£149.10	320
	Peterhead Bay Marina, Bath Street, Peterhead, Aberdeenshire.	£59.00	150
	Lossiemouth Marina, 6 Pitgaveny Quay, Lossiemouth, Moray	£99.00	78
	Longman Yacht Haven, Inverness Harbour, Inverness.	£55.55	22
<u>Inland/</u> <u>Non-Tidal</u>	Loch Lomond Marina, Riverside, Balloch, Alexandria, Dunbartonshire.	£144.68	45
	Ardlui Marina, Ardlui, Loch Lomond, Argyll.	£144.68	100