



COMMERCIAL PROPERTIES COMMITTEE

Practice Note 7

REVALUATION 2005

Valuation of Car Parks

1.0 INTRODUCTION

The value attributable to this category of subject depends on local circumstances.

The type of subject covered by this report ranges from unsurfaced gap sites to purpose built multi-storey car parks. For guidance on parking spaces associated with other subjects, e.g. at offices, retail parks, etc., reference should be made to the relevant practice note.

2.0 BASIS OF VALUATION

Car Parks are valued on the comparative basis with rents adjusted in accordance with Basic Principles Committee Practice Note 1 – Adjustment of Rents.

In the absence of local evidence it may be appropriate to look outwith the valuation area for comparable rental evidence, alternatively cost or revenue based valuations may be considered.

2.1 Comparative Principle

The suggested unit of comparison is a rate per space. Car parks without marked bays should have their number of bays estimated – the area per car space adopted in this recommendation is 25 square metres which includes circulation space.

2.2 Contractors Basis

In exceptional cases, principally multi-storey car parks with no rental evidence, consideration may have to be given to the Contractors Basis.

The cost of the building works plus the site value adjusted to the tone date should be decapitalised, using the statutory decapitalisation rate, to arrive at an estimate of the rental value.

Where there are no costs available locally, it might be considered appropriate to examine costs from comparable locations. Costs will also be available from the Cost Guide. When using the Contractors Basis reference should be made to the recommendations in the Basic Principles Committee Practice Note 2 - Revaluation 2005 Contractors Basis Valuations.

It is also suggested that where this method is considered, the rate determined is compared with that for surface car parks in the same location before a final decision is made.

2.3 **Rental/Cost Basis**

Where a tenant takes a ground lease for an undeveloped site and proceeds to provide surfacing and marked bays etc., it may be appropriate to add the rentalised cost of the tenant's improvement to the ground rent in order to arrive at the full rental value of the subject.

2.4 **Rents related to Turnover**

For car parks operated purely for profit, a direct relationship between rents and turnover is a common basis for letting and in such cases rent review clauses may stipulate a specific percentage of turnover. The adoption of this method for purposes of comparison does mean that account is automatically taken of factors such as size, relative pricing, occupancy rates and all advantages and disabilities in existence during the period covered.

It is emphasised however that this approach should only ever be adopted where appropriate market evidence is available.

3.0 **SURFACING**

Where the only rental evidence available is for tarmac surfaced car parks for example, it will be necessary to make adjustments to the rate per space when valuing a car park with a blaes or other finish to the surface.

This may be achieved by rentalising the cost of providing a particular surface and adding or deducting as appropriate to achieve the desired result. The rate per space can then be adjusted accordingly.

4.0 **TENANTS IMPROVEMENTS**

Where a car park has features such as security fencing and lighting, etc., it may be appropriate to add an additional amount to reflect the cost to the tenant of providing these. Where no actual costs are available reference should be made to the Cost Guide. These costs should then be rentalised using an appropriate decapitalisation rate in the normal way. The resultant figure can then either be added to the total value of the parking spaces or the rate on the car spaces can be enhanced appropriately.

5.0 ALLOWANCES

Where a car park suffers from particular disabilities, such as difficult access, poor layout, poor surfacing, etc., an end allowance should be considered. Specific allowances are not suggested, as these will depend on particular circumstances, although if end allowances in excess of 20% are being applied then the rate per space being applied should be reconsidered.

5.1 Overprovision

There may be in some instances be an overprovision of parking spaces. Depending on the particular circumstances it may be deemed appropriate to give an end allowance to reflect this. Any quantification of this allowance will be down to valuers' judgement.