



COMMERCIAL PROPERTIES COMMITTEE

Practice Note 11

REVALUATION 2005

Valuation of Private Health Clubs and Fitness Centres

1.0 INTRODUCTION

Since the late 1990's there has been a considerable increase in the number of private health clubs and fitness centres. The majority of these are between 1500m² and 3000m² in size and have car parking available.

Main operators include Bannatynes, Living Well and Fitness First. A sizeable number of them are let.

2.0 BASIS OF VALUATION

2.1 The subjects in this practice note should be valued on the Comparative Principle. Where these subjects are excessively large, e.g. tennis centres, consideration should be given to the rate applied (see paragraph 2.4).

2.2 Subject Type

The majority of subjects tend to be purpose built on stand alone sites or form part of a retail park location of mixed commercial and leisure use. A number have been formed from conversions of existing buildings e.g. cinemas, car showrooms etc and can also be located above shops.

A typical modern purpose built health club or fitness centre will normally be of steel portal frame construction with cavity brick or equivalent walls, often with extensive use of glazing, and double skin insulated cladding on the roof. Accommodation is mainly on one or two floors and generally comprises gymnasium, swimming pool, aerobics studios, fitness room and café bar.

2.3 Measurement

The subjects should be measured on a gross internal basis with all main and ancillary areas taken at 100%.

2.4 Valuation

The rents are mainly on a shell basis and are for subjects built primarily from 2000 to 2002. The rents have been analysed on Gross Internal Area (GIA).

In the absence of local evidence the final rate to be applied should be made up from the shell rent rate in table 1 and fitting out rate in table 2.

The rates in the following table are for guidance and have been derived from the available rental evidence.

TABLE 1

<u>GROUP</u>	<u>LOCATION</u>	<u>TYPE OF BUILDING</u>	<u>SHELL RENT RATE/M²</u>
1 (Wet/Dry)	Glasgow and Edinburgh	Purpose Built/Quality Conversion	£100
		Older/Poorer Quality Conversion	£70
2 (Wet/Dry)	Other main locations e.g. Perth, Dundee, Aberdeen, Inverness	Purpose Built/Quality Conversion	£90
		Older/Poorer Quality Conversion	£70
3 (Wet/Dry)	All other locations	Purpose Built/Quality Conversions	£80
		Older/Poorer Conversions	£60
4 (Dry Only)	All Locations	Purpose Built/Quality Conversion	£65
		Older/Poorer Quality Conversion	£50
5 (Dry Only)	All locations	Poorest Conversions e.g. former stone built salerooms, upper floors in secondary shopping streets etc.	Up to £40

TABLE 2

<u>GROUP</u>	<u>LOCATION</u>	<u>FIT OUT RATE/M²</u>
Wet/Dry	All Locations	£30
Dry Only	All Locations	£25
Dry Only Minimal fit	All Locations	£10

In view of the wide range of types, quality and location of fitness clubs it may be necessary to interpolate both up and down between the various groups.

Where a subject is located over shops etc, and there is no lift, an allowance of 10% may be made.

Where there are multi-court tennis centres and there is a substantial tennis hall, the rate applied to this area should be taken at 12.5% of the fully fitted wet/dry rate.

Additional end allowances may be appropriate in individual cases for specific and unusual characteristics or disabilities.

2.5 Quantum

In this section **main space** should be read as the area of the building **excluding** the tennis hall.

For larger centres quantum should be applied to the total value of the building based on the floor area of the main space. Where the main space exceeds 4,000m² a quantum allowance should be applied as follows;

Main Space	> 4,000m ²	5,000m ²	6,000m ²	7,000m ²
Quantum	1% per 200m ²	5%	10%	15%

3.0 TREATMENT OF OUTDOOR FACILITIES

Subjects within this practice note may also have outdoor facilities such as 5-a-side pitches, tennis courts etc and these should be valued by reference to the appropriate Committee practice note.

4.0 PLANT AND MACHINERY ORDER

Any plant found in these subjects should be dealt with in terms of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations, 2000 (as amended).