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2010 REVALUATION

VALUATION OF OFFICES

PRACTICE NOTE

1.0 GENERAL

This Practice Note covers the valuation of offices and any property, irrespective of actual description, of the office genus.

It must be noted that properties with a similar description may **NOT** be of the office genus. Such a property could be a shop occupied by finance advisers or a mortgage bureau that is described as office. It therefore falls into a different genus and will require application of a different valuation method. If in doubt refer to Assistant Assessor.

Office accommodation on industrial estates occupied in conjunction with industrial units is **NOT** covered by the report

1.1 NOTES ON ACTUAL USE / USE CLASSES

Offices having the same characteristics as shops (e.g. building society type) will generally command the same level of rent as shops. As such they will be valued on their actual use as offices, but at a level consistent with shop values. Guidance should also be sought from the Town and Country Planning (Use Classes) (Scotland) Order, particularly with reference to Class 1, Class 2, Class 4 and Class 6. Reference to 'permitted change' should assist in identifying the valuation class of the

particular subject. Refer also to the Town and Country Planning (General Permitted Development) (Scotland) Order 1992 where appropriate.

2.0 ADJUSTMENT OF RENTS

Local rental evidence is analysed to arrive at rates per square metre. The rents are adjusted in accordance with the Scottish Assessor's Association Basic Principles Practice Note No.1, Revaluation 2010, Adjustment of Rents.

3.0 SURVEY AND MEASUREMENT

When inspecting properties a description of its age, construction, general location and internal finish should be noted. The file record should be updated accordingly.

All subjects covered by this Practice Note should be measured on a **Net Internal** basis and an area (in square metres) calculated. The method of measurement is defined in the RICS Code of Measuring Practice.

3.1 NET INTERNAL AREA

The following areas are **excluded** from valuation:

- (a) Areas with a headroom below 1.50m;
- (b) Entrance halls and areas of essential access unless used as reception area;
- (c) Common/shared corridors and passageways;
- (d) Corridor/passageway formed by structural walls;
- (e) Lifts, stairs, stairwells and landing areas;
- (f) Pillars and structural walls;
- (g) Toilets;
- (h) Plant rooms.

N.B. (a) there are no common/shared areas where a subject is under single occupation;

*(b) Kitchen areas that are also entrances to a w.c. should **not** be excluded.*

3.2 COMMON / SHARED AREAS

Common/shared areas occur in some business centres where office rooms are occupied on a fully serviced basis. e.g. Ceteris units. Areas of shared/common use may include reception, meeting/board room, canteen, kitchen, stores.

In situations outlined above the common/shared areas should be considered as under the control of the landlord. The floor areas of the individual parts should be totalled and a separate entry made in the Valuation Roll with the landlord noted as proprietor and occupier.

4.0 CLASSIFICATION

Office subjects should be placed in one of the following classifications. Classification is dependent on the buildings construction, age and physical characteristics.

Class	Description	Examples
1A	Purpose Built - modern. Circa 1980 to present.	Castle Business Park, Stirling. Laurelhill Business Park, Stirling. Callendar Business Park, Falkirk.
1B	Purpose Built – older. Circa 1950 to 1980	8 Spittal Street, Stirling. 1 Pitt Terrace, Stirling. 1 Cockburn St, Falkirk.
2A	Conversion – stone villa or equivalent.	Melville Terrace, Stirling. Wellside Place, Falkirk. Callendar Park, Falkirk.
2B	Conversion – tenement block or equivalent.	Murray Place/Port Street, Stirling. Old Town Jail, Stirling. Graham’s Road, Falkirk.
2C	Conversion – industrial unit or equivalent.	Evans Business Centre, Springkerse. Evans Business Centre, Grangem’th. Willow House, Grangemouth.

N.B. Classification does not dictate the rate/m² to be applied at valuation. Classification will assist in defining comparable properties within a local geographic area.

5.1 RATE/M² TO BE APPLIED

The rate should be applied to the **Reduced Area** of the subject.
The reduced area is calculated following the adjustments noted at 5.2.

5.2 CALCULATION OF REDUCED AREA

The following factors shall be applied to the Net Internal Area.

(a) Floor level adjustment:

The following table shows the factors to be applied to a floor level when calculating a reduced area.

Floor Level	Factor
Basement	0.50 – 1.00 (depending on quality)
Semi Basement	0.90 – 1.00 (depending on quality)
Lower Ground Floor	1.00
Ground Floor	1.00
First Floor	1.00
First Floor Attic	0.90
Second Floor	0.75 (1.00 with lift)
Second Floor Attic	0.65
Third Floor	0.55 (1.00 with lift)
Third Floor Attic	0.45

NB: Basement areas in, for example, Melville Terrace, Stirling, will have factors ranging from 0.50 to 1.00 dependent upon their actual physical circumstances.

Storage areas:

Parts of buildings capable of use solely for storage have been further reduced for calculation purposes prior to analysis/valuation as follows:

Storage Type	Factor
Poor unlined storage	0.25
Lined storage – but poor natural light	0.50
Good storage – but unsuitable as office accommodation	0.75

6.0 QUANTUM

Adjustment for offices with a **reduced area** larger or smaller than standard have been analysed using local evidence. Where rental evidence shows quantum to occur for a specific building or location a percentage addition or deduction will be required to be applied. Any addition/deduction will be applied at the end of the individual valuation.

7.0 CAR PARKING

Addition to value for car parking must only be made if the parking is for the exclusive use of an occupier.

Where there is no car parking, or the available parking is shared, the office rate/m² already reflects this and no further adjustment is necessary

8.0 AIR CONDITIONING

The presence of air conditioning is not reflected in the rate/m² applied to the subjects reduced floor area.

9.0 END ALLOWANCE

There may exist some situations where the aforementioned circumstances do not meet particular characteristics of individual subjects. In such cases the valuer may decide that an end allowance is appropriate. Typical end allowances are as follows:

Disability	Allowance
Poor Layout	Up to -5%
Poor access	Up to -10%
No toilet	-5%
Shared/outside toilet	-2.5%