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2017 REVALUATION

VALUATION OF OFFICES

PRACTICE NOTE

1.0 GENERAL

This Practice Note applies to the valuation of offices and premises which are, by reason of their situation and physical characteristics, similar to offices.

It must be noted that properties with a similar description may **NOT** be valued under this Practice Note. 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 Divisional Valuer.

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

In addition to this Practice Note reference should also be made to the Scottish Assessor's Association, Revaluation 2017, Commercial Properties Committee, Practice Note 13, Valuation of Offices.

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 rents. Guidance should also be sought from the Town and Country Planning (Use Classes) (Scotland) Order 1997, 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, Revaluation 2017, Basic Principles Committee, Practice Note 1, 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. Also take note of items such as air conditioning, sprinklers, heating, CCTV, lifts, etc. The file record should be updated accordingly.

All subjects covered by this Practice Note have been analysed and should be measured on a **Net Internal** basis and an area (in square metres) calculated. The method of measurement adopted is defined in the RICS Code of Measuring Practice – 6th edition.

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. Separate entries should be 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 will assist in defining comparable properties within a local geographic area.

5.1 RATE/M² TO BE APPLIED

The rate/m² to be applied is a consideration of the subject’s classification together with its location.

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.

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 has been analysed using local evidence. Allowances noted in the following table should be applied at the end of each individual valuation, but before any parking or other additions.

Reduced Area (m²)	Quantum Allowance
0 – 1,000	0%
1,000– 2,500	0 to -5%
2,500 – 5,000	-5% to -10%
5,000 – 7,500	-10% to -15%
7,500 – 10,000	-15% to -20% (max)
10,000+	-20% to -25% max

The quantum allowance should be interpolated within the area ranges to the nearest 0.5%.

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 ADDITIONS / DEDUCTIONS TO VALUE

Additions and deductions are based on local rental evidence and would only be applied where rental analysis indicates a material effect on the value of the particular subject when compared to the typical standard for that class of office in a particular locality. The following are examples where additions/deductions may be made:

Air Conditioning/Air Handling;

Sprinklers;

CCTV cameras and monitors;

Other rateable plant in accordance with the Valuation for rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended).

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%