



## **REVALUATION 2026**

### **Staff Guidance Note**

#### **Industrial Properties Comparative Principle**

##### **1.0 Introduction**

This Guidance Note applies to the valuation of factory/workshop and warehouse/store style properties valued on the comparative principle.

##### **2.0 Basis of Valuation**

The basis of valuation is the comparative principle based on a consideration of local rental evidence. As with all applications of the comparative principle, the most relevant evidence will be found locally, and values will be established by analysis of this local rental evidence. The analysis will be based on what was rented to the tenant and will exclude improvements carried out during their occupation. The valuation, however, will reflect what has been let plus the rateable improvements the tenant has made.

##### **3.0 Measurement**

All buildings are to be measured on a Gross External Area (GEA).

##### **4.0 Rates to be Used**

Rates to be applied will be derived from an analysis of rental evidence, in line with the SAA Adjustment of Rents Practice Note.

##### **5.0 Industrial Classification**

###### **Class 1**

Modern steel portal frame building with concrete floor and profiled sheeted walls and roof. Will normally have been built with around 10% to 25% in span office / toilet space.

## **Class 2**

Modern steel portal frame building with concrete floor and profiled sheeted walls and roof. Will normally have been built with around 10% to 25% in span office / toilet space. Built from around 1970 to 1989.

## **Class 3**

Brick buildings with sheeted roofs on steel trusses. Traditional brick cavity wall (or brick/block) building with low pitched roof covered with corrugated asbestos sheeting (double or single skin). Likely to have a concrete or steel portal framework. Office accommodation will vary. These buildings were built for the most part from around the end of the Second World War up to the late 1960's.

## **Class 4**

Siporex buildings. In some locations Siporex was used in the construction of many industrial buildings in the 60's and 70's. Generally, the buildings will have a steel portal frame with 8-inch Siporex paneling infill. The walls are often coated externally (Tyrolean) and plastered internally. Properties are likely to have corrugated sheeted roofs with insulation and concrete floor. Many of these buildings have been extended and refurbished, bringing them into line with modern quality construction, therefore care should be taken when undertaking classification and comparison.

## **Class**

**5**

Refurbished buildings. This may include complete or considerable re-cladding of the outer walls and re-covering of the roof with fully insulated plastic-coated profile metal sheeting. The services will be modernised, and the floor might also have been re-screened. The work carried out will go beyond good maintenance.

## **Class 6**

Buildings in this class will be older buildings. Likely forms of construction are brick cavity wall or solid brick/stone wall with pitched roofs covered with slate. The buildings in this class may be either much older buildings, the useful life of which is coming to an end, or buildings of considerably inferior standards of construction.

## **Class 8**

Lock-up properties. These are generally small units of a variety of constructions and ages (many, however, brick) found in back lanes and other secondary locations. They will usually be occupied by small local businesses as

workshops or stores. Railway arches and Nissen hut type structures will normally fall into this class.

## **6.0 Variations to Specification**

### **General**

The classification of buildings is primarily determined by their physical construction and age. Variations in specification must therefore be measured against the norm for the class within which a building falls.

Where possible, all such variations to the standard specification should be reflected in the valuation in accordance with local rental evidence. The following adjustments are provided for guidance where there is no conclusive evidence to the contrary.

### **6.1 Services**

All items of service plant, named under Class 2 of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended), should remain in the valuation unless the valuer is clearly satisfied that the proviso in the Regulations relating to items of plant or machinery “.....*used or intended to be used in connection with services mainly or exclusively as part of manufacturing operations or trade processes*” applies.

#### **Heating**

If the basic rate assumes no heating, an addition of up to 5.00% should be made if there is heating. Similarly, if the basic rate assumes heating a deduction of up to 5.00% should be made where heating is absent.

#### **Lighting**

If the basic rate assumes adequate lighting, a deduction of 5.00% should be made in buildings without lighting.

#### **Air Conditioning**

Where plant and machinery facilitating air conditioning is also present then additions may be made from the following table.

<b>Specification</b>	<b>Addition where rate assumes heating</b>	<b>Addition where rate assumes no heating</b>
Ducted AC system capable of heating, cooling, ventilating and humidity control excluding filtration.	+15.00% as an extra-over to a basic rate which already reflects average heating.	+20.00% as an extra-over to a basic rate which reflects no heating.
Simple mechanical ventilation systems inducing fresh air from outside or suspended cartridge systems providing chilled air only.	+5.0% as an extra-over to a basic rate which already reflects average heating.	+10.00% as an extra-over to a basic rate which reflects no heating.

### **Sprinklers**

Where the property is fitted with sprinklers, the Rating Cost Guide Scotland should be referenced.

## **6.2 Structure**

Generally, since subjects are being classified by their physical construction there should be few instances where a variation under this heading will arise.

Subjects are classified by physical construction; therefore, properties being valued will usually have been built in the same era. Age and condition will therefore be reflected in the basic rate.

## **6.3 Wall-head height**

In general, any adjustment under this heading should be based on local rental evidence.

## **6.4 Offices**

Many classes of industrial subjects are let with office/toilet space as standard. In addition to this, many occupiers will increase the office accommodation to meet their own requirements. This may be by the creation of either in-span or out-span offices, not necessarily restricted to the ground floor. It should not be automatically assumed that all office space in excess of the letting norm adds to rental value. An analysis of available rentals will be required to establish at what point the extra office accommodation can be seen to

increase the rental of the property.

Analysis should be carried out by location, and where possible by class within location. It may be appropriate to import evidence from one location to another.

Once the break point has been established, only that amount of office space in excess of that figure should be valued. In the absence of conclusive evidence, a break point of 25% should be adopted.

No allowance should be granted to upper floor accommodation where the office accommodation extends to ground &/or 1<sup>st</sup> floors only.

## **7.0 Ancillary Accommodation**

The following approach is recommended for the treatment of minor buildings and elements frequently associated with industrial subjects.

<b>Item</b>	<b>Approach to valuation</b>
Canopies	Apply 25.00% of basic rate for simple roof and 40.00% for more substantial structures that include services.
Loading areas	A percentage addition may be made in accordance with local evidence. For the treatment of dock levellers please refer to the Rating Cost Guide Scotland.
Mezzanine floors	The building should be valued in the normal way and the mezzanine valued at +15.00% if it has been constructed out of timber and +30.00% if it has been constructed out of steel. The addition should be an “extra over” of the basic rate and no reduction should be made to the rate applied to the area under the mezzanine

## **8.0 Multi-Storey Buildings (Production/Warehouse Space)**

The following tables of adjustments provide guidance where there is no conclusive local evidence. Such subjects should be rare and should be valued on their own evidence where it exists. The allowances are not suitable for business centres nor Planning Use Class 4 style developments where an office approach may be more appropriate, or in the case of industrial subjects with vertical process systems where allowances may be abated or withheld, or a cost basis considered.

<b>Floor</b>	<b>Separate passenger &amp; goods lifts</b>	<b>Goods lift only</b>	<b>Stair access only</b>
Ground Floor	100%	100%	100%
First Floor	90%	85%	75%
Second Floor	85%	80%	50%
Third Floor	85%	75%	25%
Fourth Floor and above	85%	70%	At discretion

## 9.0 Disabilities

Subjects are being compared like with like, disabilities will in general be reflected in the basic rate. There will always be exceptions however and a valuer's judgement will require to be exercised in deciding when it will be appropriate to make a further allowance for a particular disability. An example would be where the valuation rate has been derived from an estate where there is no disability and that rate is being applied to a subject with a disability.

The following table may be used for guidance in selecting appropriate allowances for the most commonly found drawbacks to the occupation of industrial subjects. The list is not exhaustive, but care should be taken to ensure that aggregated allowances are not excessive.

<b>Disability</b>	<b>Allowance</b>
Bad shape and / or layout	Deduct up to 10.00%
Excessively thick stone walls	Deduct up to 5.00%
Liability to flooding	Deduct up to 10%
Narrow bays with columns	Deduct up to 10%
One wall open to yard	Deduct 15.00%
Poor access	Deduct up to 5.00%
Variation in floor levels	Deduct up to 2.50%
Piecemeal development	Deduct up to 10.00%

## **10.0 Quantum**

The analysis of local rental evidence should establish the appropriate rate for units of a particular size in a particular class. Evidence for all units generally greater than 6,500m<sup>2</sup> will be collated and used to value all larger industrials.

## **11.0 Yard Space & Car Parking**

In general, the basic rate will reflect the typical yard space / car parking provision. In the absence of local evidence, yard space should be valued at 50 pence per square metre up to 10 times the GEA of the buildings. Yards more than 10 times should be considered on an individual basis. It may be more appropriate based on the location and characteristics to value them as a yard.

In some cases it may be appropriate to adjust for car parking in the analysis and add back parking at a rate per car space. This is most likely where office space is a significant part of the subjects and is usually associated with an estate / location with planning "Use Class 4" consent.

## **12.0 Plant and Machinery**

Rateable items of plant and machinery not covered by the above guidance will be valued by application of the Contractor's Basis of valuation with reference to guidance contained in the Rating Cost Guide Scotland.

## **13.0 General Comment**

There may be exceptional circumstances that are not covered by this report and which require special treatment. Above all it should be remembered that these instructions are not to be followed blindly and are primarily for guidance.