

Assessor for Fife Council

Revaluation 2017

Local Practice Note

Valuation of Offices

1.0 Introduction

This Practice Note (PN) applies to the valuation of offices and premises which are, by reason of their situation and physical characteristics, similar to offices. General guidance on determining whether an unusual subject should be valued as an office, is provided in Appendix 1.

2.0 Basis of Valuation

Offices are valued by application of the Comparative Principle using rates per square metre derived from local rental evidence.

3.0 Rental Analysis

Rental analysis is undertaken in accordance with the SAA Basic Principles Committee Practice Note 1 Adjustment of Rents. Local rental and cost evidence is used to determine rates applied and adjustments to value.

4.0 Measurement

Measurement is calculated on a Net Internal Basis (NIA) subject to paragraphs 4.1 and 4.2. In the case of multi-storey accommodation the areas may be calculated on the total net internal area occupied (i.e. “wing area”) or on a room basis dependent on the letting arrangements.

4.1 The following areas are normally excluded from valuation:

- (a) Area which has headroom of less than 1.5 metres, (measured and stated separately but not included in valuation);
- (b) Entrance halls, atria, landings and balconies used in common;
- (c) Stairs, stairwells and landing areas;
- (d) Plantrooms;
- (e) Toilets – generally not included, however see 4.2(b);
- (f) Main corridor and passageways serving as access and egress to a floor or a building should generally not be included, however see 4.2(d)

4.2 The following areas are normally included in the valuation:

- (a) Canteens;
- (b) Toilets – Where additional toilet/shower provision has been formed within the let area by the occupier, they should be included in the valuation;
- (c) Main corridors and passageways – Where an occupier chooses to subdivide the lettable area, any passages or corridors formed by doing this should be included in the valuation;
- (d) Storage – Where an occupier decides to use part of the let office area for storage, it should be included in the valuation;
- (e) Strongrooms/Safes/Stores – Include in the value but apply reduction factors depending on quality;
- (f) Banking Hall/Showroom – In some office developments ground floors are advertised for let with potential for Banking Hall/Showroom use. It is common, in these cases that an enhancement over the ground floor office rental rate would be sought by the landlord. The rate to be applied should depend on the rental analysis of the subject type with reference to the relevant Practice Note.

5.0 Classification

Offices are allocated one of twelve broad classifications (set out in Appendix 2). For this reason care must be taken at the time of survey in considering all the characteristics of the property, and how those meet the descriptions of the twelve classifications. In very exceptional cases, it may be judged having taken all characteristics into consideration that an office sits between two classifications, in these cases this decision should only be made following discussion with the Assistant Assessor responsible for the Office valuation scheme.

5.1 The following information should be noted during the survey;

- (a) The general character of the office and which of the following classifications are appropriate for it.
- (b) Purpose-built - old, semi modern, modern and new. The criterion is the quality, the age being only a guide.
- (c) Converted dwelling house or other property – note if original state or modernised and adapted.
- (d) Former shop premises – note the type of business carried on and the extent to which the premises have been adapted for use as office.

5.2 The situation of the office

- (a) Note immediate environment, e.g. isolated, adjoining similar properties, corner site, overlooked by neighbouring properties, or adjacent to multi-storey properties. Situated in own grounds, set back from building line, up or down steps from pavement, access from shared or common stair.

Where business access is shared with other occupiers, note cases where poor class dwelling house or inferior commercial enterprises may have an adverse effect upon the subject.

- (b) Note general environment and convenience of situation, e.g. central, on main thoroughfare, in main shopping area, main office area, residential area etc. Note relationship with subjects likely to provide trade etc.

5.3 Internal Description

The suitability of the interior must be considered. Internal description of the subjects should include:-

A full description, noting finish of walls, floor and ceiling. Note ceiling heights, adequacy of lighting and quality of natural lighting, and any other factors particularly applicable.

Attention should be given to rooms designed and constructed for a particular use and finished to a different standard, e.g. board room, strong room, kitchen.

In the case of dentists and doctors' surgeries, etc., note adaptations for specialised use, e.g. wash basins, partitions to form cubicles or dark rooms.

All ancillary accommodation within the main building, i.e. dining rooms, canteen, store rooms, cupboards, workshops etc. should be noted and described.

5.4 Services

Note water supply, hot and cold, electric, gas, air conditioning, method of heating. Note passenger lifts, capacity and floors served, sprinkler systems and any specialist plant associated with server rooms whether electrical supply or cooling. Attention should be paid to any specialist environmental or energy efficient system, e.g. heat exchangers and passive cooling, solar systems and heat pumps.

5.5 Other Relevant Information

This will include notes on fire escapes. Where private car parks or garages are provided, the number of spaces and surfacing should be noted along with a full description of any garages. Note and describe ancillary accommodation to be found in outbuildings etc.

6.0 Reduction Factor to Floor Areas

By applying a reduction factor to a floor area, the valuer can make adjustment for a disadvantage that an area may have, the most common adjustment of this type is for upper storey offices where there is no passenger lift in place.

In Appendix 3 allowances are set out for floor relationships and should be applied to the net internal area on each floor (or part of a floor) to arrive at a reduced floor area

6.1 Additions to Value

Additions may be made for a number of reasons, they may reflect characteristics of the property which are not available in the local rental evidence and examples may be specialist Heating, Air Conditioning/Air Handling, Power Supplies, Sprinklers, CCTV cameras and monitors, and may include specific items of plant and machinery. These rateable items of plant and machinery should be dealt with in terms of the Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000 as amended and valued with reference to the Rating Cost Guide.

Additions may also be made for subjects that are principally an office, but also have an element of another type of valuation for example an addition may be made for a workshop which is part of the unit of valuation.

7.0 Quantum/Inverse Quantum

An adjustment may be made where an office is larger or smaller than the standard for that class based on local evidence.

A scheme of quantum for offices has been derived from rental evidence across Fife, and is provided as Appendix 4. This should be applied to the valuation of any office which is larger than 2,000 square meters and should be interpolated within the table provided.

8.0 Car Parking

Where car parking spaces are to be included in an office value, an appropriate rate per space should be applied derived from local evidence.

9.0 End Allowance

In exceptional circumstances an end allowance may be merited to reflect some unique disadvantage of a particular assessment. This should not be granted without prior discussion with the appropriate Assistant Assessor.

APPENDIX 1

GENERAL :

In connection with this scheme of valuation, “office” may be defined as premises used for purposes of administration of a professional practice or commercial business. Descriptions other than office may be appropriate to describe actual use and the categories grouped under the main heading include office, bank, studio, surgery, consulting room, funeral service room etc. The foregoing list of subjects is not exhaustive and should also include other premises of miscellaneous commercial character if these are, by reason of their physical and situation characteristics, suitable for valuation on the same basis as offices.

There may be cases where small halls, meeting rooms and libraries, etc., may be encountered within the premises, which are otherwise used as administrative offices. If the office element determines the character of the whole subjects, the premises may be valued under this scheme. In those cases where the hall, library etc., constitutes the primary character of the subjects, and the element of administrative office is secondary, it is for consideration whether valuation under the Public Buildings category might be more appropriate. Each case must, however, be judged on its own merits taking into account not only structural layout, but building area and context. It must be noted that levels of value may vary between certain of the above types and in the particular case of banks, building society and insurance company offices with ground floor premises in a shopping street, the level of value should be akin to that of the adjoining shops.

APPENDIX 2

OFFICE SUBJECTS

CLASSIFICATION

1. Modern purpose-built offices (1990 Onwards)
2. Purpose-built offices erected around 1960 onwards and good conversions (1960 – 1990)
3. Good post war purpose built or good conversions (1945 – 1960)
- 3G. Class 3 offices located in the Glenrothes town centre
- 3P. Class 3 offices located out with the Glenrothes town centres
4. Purpose-built old stone office and very good house conversion.
- 4B. Class 4 offices located in the Dunfermline town centre
5. Good stone house/flat conversion.
- 5B. Class 5 offices located in the Dunfermline town centre
6. Un-modernised stone house conversions and tenement type properties
- 6P. Poor quality Class 6 house conversions
7. Non-traditional office accommodation, and properties generally unsuited to office use that are being utilised for the purpose.

APPENDIX 3

Relationship of Floors Where No Lifts

<u>Basem't</u>	<u>GFI</u>	<u>FFI</u>	<u>2nd Fl</u>	<u>3rd Fl</u>	<u>4th Fl</u>
50%	100%	100%	75%	55%	50%

Relationship of floors with adequate modern passenger lifts:

FLOOR

Ground	100%
1 st	100%
2 nd	100%
3 rd	100%
4 th	100%

APPENDIX 4

Quantum should be applied at the rates shown in the table below, interpolating as necessary.

Area	Quantum
Up to 2000m ²	0%
2,000m ² to 2,500m ²	0% to 2.5%
2,500m ² to 5,000m ²	2.5% to 5%
5,000m ² to 7,500m ²	5% to 7.5%
7,500m ² to 10,000m ²	7.5% to 10%
10,000m ² to 20,000m ²	10% to 20%