

Assessor for Fife Council

Revaluation 2023

DRAFT 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.

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 some office accommodation, 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(c)

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, this should be included;
- (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;
- (d) Storage – Where an occupier decides to use part of the let office area for storage, this should be included;
- (e) Strongrooms/Safes/Stores – Include 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 1). 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, the matter should be discussed with a member of the Service Management team.

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 2 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

7.0 Valuation

The valuation of offices should be undertaken by the application of a rate per square metre applied to the net usable area (or to the reduced floor area, if particular allowances are appropriate).

7.1 Adjustments to Value

Additions and/or deductions may be made for a number of reasons and should be based on local evidence, giving due consideration to the typical standard for that particular office type.

Additions may reflect characteristics of the property being valued which are not available in the local rental evidence. Examples may be specialist heating, air conditioning/air handling, power supplies, sprinklers, CCTV cameras and monitors or may include specific items of plant and machinery. 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 Scotland.

Deductions may apply where the subject being valued has negative characteristics, not typical for that office type or available in the local rental evidence.

7.2 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 is provided as Appendix 3. 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.

7.3 Car Parking

Where car parking spaces are to be included in an office value and are not deemed to be included in the office rate per m² applied, an appropriate rate per space should be applied derived from local rental evidence.

8.0 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 a member of the Service Management team.

APPENDIX 1

OFFICE SUBJECTS

CLASSIFICATION

1. Modern purpose-built offices
2. Purpose-built offices erected circa 1960-1990 and good conversions
3. Good post war purpose built or good conversions (circa 1945 – 1960)
- 3G. Class 3 offices located in the Glenrothes town centre
- 3P. Class 3 offices located out with the Glenrothes town centre
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 that purpose.

Classes 1,2,3 and 4 include offices within business centres. The letters BC have been appended to the class for business centres for ease of identification although it should be noted that the basis description is the same as classes 1,2,3,and 4 above.

APPENDIX 2

Relationship of Floors Where No Lifts

| <u>Basem't</u> | <u>GFI</u> | <u>FFI</u> | <u>2nd FI</u> | <u>3rd FI</u> | <u>4th FI</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 3

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% |