

Revaluation 2010

Commercial Committee

Practice Note 6a Valuation of Depot Warehouses

1.0 Introduction

- 1.1 This Practice Note applies to Depot Warehouses, which are large retail warehouses ranging in size from 8,000 m² to 15,000 m². These subjects may be situated either adjacent to a retail park or in a stand alone situation catering for a relatively large catchment area. Due to their size and characteristics, Depot Warehouses have a distinctly different market value to that of retail warehouses and should be valued by reference to the level of rents prevailing for this type of subject and not by comparison with standard retail warehouses.
- 1.2 Subjects in excess of 15,000 m², operating as large regional destination retail warehouses are not covered by this Practice Note and should be valued in line with comparable subjects of a similar character.

2.0 Basis of Valuation

- 2.1 Depot Warehouses are valued on the Comparative Principle using rates per m² derived from the rentals of units of a similar size, character and location. Where local evidence is not available, comparison should be made with depot warehouses in other areas. Rents should be analysed in accordance with SAA Basic Principles Committee Practice Note 1 (Adjustment of Rents).

3.0 Survey And Measurement

- 3.1 Depot Warehouses should be measured to Gross Internal Area, as defined by the RICS Code of Measuring Practice. Survey and measurement should take separate account of items such as upper floors, mezzanines, greenhouses, canopied areas and open sales land. Where the unit is of a stand alone nature, the amount of car parking should be noted.

4.0 Basic Specification

- 4.1 The specification of the standard purpose built Depot Warehouse let as a shell unit is as follows:

- Screeded concrete floor slab.
- Bare concrete block or profile sheeted walls.
- Roof structure unfinished internally.
- Capped 415v electrical supply.
- Capped water and drainage facility.

The unit will comprise almost entirely of a ground floor with minimal 1st floor ancillary accommodation, normally used for office and staff accommodation.

5.0 Valuation Considerations

5.1 Ancillary Areas

- 5.1.1 In the absence of local rental evidence to the contrary, the following reduction factors should be applied to ancillary areas of modern purpose built depot warehouses.

Entrance Porch/Vestibule	100%
Mezzanine/1 st Sales (Lift/Conveyor Access)	15%
Mezzanine/ 1 st Sales (Stair Access Only)	12.5%
Mezzanine/1 st Non Sales (Lift/Conveyor Access)	10%
Mezzanine Non Sales (Stair Access Only)	7.5%
Inferior Rack Supported Mezzanine Storage Areas	5% (Max - £15/m ²)
Glasshouse	20%
Canopied Sales	15%
Open Sales Land	5%

5.2 Tenant's Fit Out

- 5.2.1 If the rents analysed are for shell units, £5/ m² should be added to the shell warehouse basic rate to reflect fit out to the following standard:

Fit Out

Glazed frontage.
High bay warehouse lighting.
Blower style heating system.

5.2.2 Other Additions

Air Conditioning (not included in basic rent rate)	£5/ m ²
Sprinklers (not included in basic rent rate)	£3/ m ²

- 5.2.3 The above additions may be depreciated in accordance with SAA Basic Principles Committee Practice Note 1 (Adjustment of Rents). Depreciation is only applicable to fittings which are in excess of 5 years old and may be calculated on a straight line basis from years 6 - 25.

6.0 Car Spaces

- 6.1 Depot Warehouses will normally be served by adequate car parking, whether entirely dedicated or as a common part of a retail warehouse park and these facilities will be reflected in the rents passing. Under these circumstances, no addition to value should be made for parking and no separate entry should be made.

7.0 Plant And Machinery

- 7.1 Any plant in these subjects which is rateable in terms of the Valuation for Rating (Plant & Machinery) (Scotland) Regulations 2000 as amended, should be valued by reference to the relevant cost guide.