

## **Revaluation 2023**

### **Miscellaneous Properties Committee**

#### **Practice Note 34 Valuation of Private Health Clubs and Fitness Centres**

#### **1.0 Introduction**

- 1.1 This Practice Note deals with the valuation of Private Health Clubs and Fitness Centres many of which are between 1,500m<sup>2</sup> and 3,000m<sup>2</sup> in size and may include a swimming pool, gymnasium, dance/fitness studio, treatment rooms and a bar/restaurant. It should also be used for fitness centres with indoor racquet sports centres, these may exceed 10,000m<sup>2</sup>.
- 1.2 A number of low-cost dry only gyms have been formed in existing buildings in a variety of locations. Section 4 refers.

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

- 2.1 The subjects to be valued using this Practice Note should be valued on the basis of the Comparative Principle.
- 2.2 Rents should be analysed in terms of SAA Basic Principles Committee Practice Note 1 (Adjustment of Rents).

#### **2.3 Subject Type**

- 2.3.1 The majority of subjects tend to be purpose built on stand-alone sites or form part of a retail park location of mixed commercial and leisure use.
- 2.3.2 A typical modern purpose built health club or fitness centre will normally be of steel portal frame construction with cavity brick or equivalent walls, often with extensive use of glazing, and double skin insulated cladding on the roof.

#### **2.4 Measurement**

The subjects should be measured to Gross Internal Area (GIA) with all main and ancillary areas taken at 100%.

In exceptional circumstances an allowance from the shell rate may be made, eg, where the subject has an open fronted mezzanine floor and the accommodation is patently inferior and atypical compared to the rest of the property.

## 2.5 Valuation

2.5.1 Where available, local rental evidence should be analysed on a GIA basis.

2.5.2 In the absence of local evidence the rate to be applied should be made up from the shell rent rate in Table 1 and the fit out rate in Table 2.

## 2.6 Table 1

GROUP	LOCATION	TYPE OF BUILDING	SHELL RENT RATE/M <sup>2</sup>
1 (Wet and Dry)	Cities and other major populated locations.	Purpose Built/Quality	£90
		Conversion Older/Poorer Quality Conversion	£60
2 (Wet and Dry)	All other Localities	Purpose Built/Quality	£70
		Conversion Older/Poorer Quality Conversion	£50

2.6.1 These rates are inclusive of car parking, but where this is considered to be inadequate it should be reflected in the rate applied.

2.6.2 In view of the wide range of types, quality and location of fitness clubs it may be necessary to interpolate both up and down between the various groups.

## 2.7 Table 2

GROUP	LOCATION	OVERALL FIT OUT RATE/M <sup>2</sup>
Wet	All Locations	£40
Dry	All Locations	£17.50

- 2.7.1 The wet fit out rate should be applied only to the wet areas (pool and surround to exclude changing areas) with the dry only fit out rate applied to the remaining areas.
- 2.7.2 The fit out rate should be depreciated in accordance with the following table.

**Table 3**

Date of Fit out	% of depreciation
2018+	Nil
2015-2017	4.00%
2012-2014	6.00%
2007-2011	10.00%
2001-2006	12.5%
Pre 2000	15.00% (maximum)

- 2.7.3 Where there is a substantial tennis hall, the rate applied to this area should be taken at 12.5% of the fully fitted rate (shell plus fit out). Multi-use sports halls at racquet centres should be taken at 25% of the fully fitted rate.

## 2.8 Quantum

- 2.8.1 In this section **main space** should be read as the area of the building **excluding** the racquets and multi-use sports hall.
- 2.8.2 For larger centres quantum should be applied to the total fitted value of all the buildings based on the floor area of the main space in accordance with the following table which should be interpolated as appropriate.

Main Space	> 4,000m <sup>2</sup>	5,000m <sup>2</sup>	6,000m <sup>2</sup>	7,000m <sup>2</sup>
Quantum	-1% per 100m <sup>2</sup>	-10%	-20%	-30%

- 2.8.3 Quantum for main space should be capped at 30%. Quantum for racquets and multi-use halls should be capped at 20%.

### **3.0 Combined Retail Warehouses and Health Clubs**

- 3.1 This Practice Note may also be used to value the health club element of subjects which comprises a two storey retail warehouse and fitness centre, normally with a Private Health Club at ground level and retail sales at first floor level.
- 3.2 If the health club is situated at ground level it should be valued at 100% of the fully fitted health club rate with the retail element at first floor level valued having regard to the local retail warehouse rate. An end allowance to reflect the hybrid nature of the subject may be appropriate.

### **4.0 Converted Subjects**

A number of low-cost dry only gyms have been formed from conversions of existing buildings in a variety of locations including retail, office and industrial buildings. These subjects should be valued using the Comparative Principle, and prevailing rental levels for those types of properties may provide the best evidence of Annual Value. In the absence of local evidence an addition for fit out should be applied from Table 2 (section 2.7).

### **5.0 Treatment of Outdoor Facilities**

Subjects within this Practice Note may also have outdoor facilities such as 5 a-side pitches, tennis courts etc and these should be valued by reference to SAA Miscellaneous Committee Practice Note 9 (Sports Grounds).

### **6.0 End Allowances**

Where a subject is mainly located on the first floor, and there is no lift, an end allowance of up to 10% may be made.

### **7.0 Plant and Machinery Order**

Any plant found in these subjects should be dealt with in terms of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended).