

Revaluation 2023

Public Buildings Committee

Practice Note 19 Valuation of Hostels and Outdoor Centres

1.0 Introduction

1.1 This Practice Note deals with the valuation of the following types of properties, together with any other subjects of similar character and use:

- Youth hostels
- Bunkhouses
- Outdoor activities centres

1.2 The Practice Note should NOT be used for the valuation of basic shelters such as climbing bothies. Such properties should be valued by reference to SAA Miscellaneous Properties Committee Practice Note 25 – Valuation of Holiday Huts, Huts, Sheds, Bothies etc.

1.3 This Practice Note should NOT be used for the valuation of commercial operated properties such as Backpacker Hostels or subjects in competition with Budget Hostels/Licensed Premises.

2.0 Basis of Valuation

2.1 Subjects covered by this Practice Note are valued on the Comparative Basis.

3.0 Survey and Measurement

3.1 The unit of valuation is a single bed space. This is a berth for sleeping one person. The standard hostel provision of a two-tier bunk bed is therefore counted as two spaces.

4.0 Valuation

4.1 In location where adequate rental evidence is available, such as main cities, valuations should be arrived at by reference to local evidence for rate per bed space.

4.2 In the absence of suitable rental evidence, appropriate rates per bed space should be selected from the table below. These rates have been derived from analysis of income and expenditure from properties throughout Scotland.

Valuation Rates (£ per Bed Space)			
Location	Good/High Use	Standard	Poor/Low Use
Main urban centre	500	335	235
Tourist area	400	265	200
Scenic area	265	200	135
Rural	200	165	100
Remote	135	100	35

4.3 Where certified accounts are available, a check valuation may be carried out, based on 10% of gross drawings. In the case of Outdoor Centres, care must be taken to include only such income as is derived from the use of the lands and heritages.

4.4 Certain hostels, especially those in city centre locations, may provide additional facilities such as licensed bars. In such cases, consideration should be given to the appropriate method of valuation.

5.0 End Allowance

5.1 In cases where certified accounts are available and a check valuation based on 10% of gross drawings (see 4.3 above) produces rates per bed space which are markedly lower than those shown in the table at 4.2, consideration may be given to applying an appropriate end allowance to the final figure resulting from the application of the rates in the table. The valuer should first ensure, however, that exceptionally low drawings are not attributable to the trading methods of the actual operator.

5.2 In exceptional circumstances, the valuer may consider that the layout and/or condition of the property is such that it would be likely to affect the tenant's rental bid and, accordingly, an appropriate allowance may be made.

6.0 Comparison with Similar Properties

6.1 In some cases it may be appropriate to compare resultant values with those of subjects having similar physical characteristics such as hotels, guest houses and self-catering accommodation. Where values appear to be out of line, it may be necessary to reconsider the appropriate rates per bed space derived from the table at 4.2.