



## **REVALUATION 2017**

### **LOCAL PRACTICE NOTE**

**SUBJECT:** Office – Comparative Principle

**REPORT NO.:** Local Practice Note

**CATEGORY:** Commercial Properties Committee

## 1.0 General

This Local Practice Note applies to the valuation of office and office type subjects. This includes:

- a) Purpose built offices and office developments.
- b) Subjects converted and/or adapted for office use.
- c) Subjects that are by reason of their location and physical characteristics similar to offices.
- d) Class 4 offices located on office/business/mixed use parks.
- e) Large standalone offices, usually located on greenfield sites or on mixed use parks.

This Local Practice Note does not apply to properties which are occupied for office purposes which by reason of their location and physical characteristics are similar to other types of subject e.g. zoned shops.

In addition to this Local Practice Note reference should also be made to the **Scottish Assessors' Association, Revaluation 2017, Commercial Properties Committee, Practice Note 13 - Valuation of Offices.**

## 2.0 Basis of Valuation

The valuation of office subjects will be on the Comparative Principle based on an analysis of rental information for similar classified subjects in each locality.

## 3.0 Rental Analysis

Rental analysis is undertaken in accordance with the **Scottish Assessors' Association, Revaluation 2017, 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**

All offices are to be measured on a net internal basis, measured in accordance with the R.I.C.S. Code of Measuring Practice 6<sup>th</sup> Edition.

All areas should be measured and areas calculated irrespective of whether or not they are eventually included in the valuation.

Areas of similar use but with different finishes/services e.g. air-conditioning should be calculated separately.

#### **5.0 Classification**

Office subjects should be placed in one of the classifications as set out in **Appendix 1**. Classification is dependent on the building's construction, age and physical characteristics, and will assist in defining comparable properties within a local geographic area.

#### **6.0 Rate/m<sup>2</sup> to be Applied**

The first floor office rate/m<sup>2</sup> to be applied is a consideration of the subject's classification together with its location.

The rate should be applied to the Reduced Area of the subject, calculated following the adjustments noted at 7.0.

## 7.0 Calculation of Reduced Area

The following factors shall be applied to the Net Internal Area:

### 7.1 Floor Level Adjustment

By applying a reduction factor to a floor area, the valuer can make adjustment for a disadvantage that an area may have e.g. for upper storey offices without a passenger lift.

<b>Floor Level</b>	<b>No Lift</b>	<b>With Lift</b>
<b>Basement</b>	0.9	1.0
<b>Lower Ground</b>	1.0	1.0
<b>Ground</b>	1.1	1.1
<b>First</b>	1.0	1.0
<b>Second</b>	0.9	1.0
<b>Third</b>	0.8	1.0
<b>Fourth</b>	0.7	1.0

### 7.2 Storage Areas

<b>Storage Type</b>	<b>Factor</b>
<b>Poor Unlined Store</b>	0.15
<b>Outbuilding</b>	0.15

## 8.0 Additions/ Deductions to Value

Additions and deductions are based on local rental evidence and would only be applied where rental analysis indicates a material effect on the value of the particular subject when compared to the typical standard for that class of office in a particular locality.

### 8.1 Heating/Air Conditioning/Sprinklers

With regards to air conditioning, heating and sprinklers which are not deemed to be included in the analysed rate, the following rates should be applied:

Item	Rate per m <sup>2</sup>
<b>Air Conditioning</b>	£7.00
<b>Heating</b>	£3.00
<b>Sprinklers</b>	£3.00

### 8.2 Plant and Machinery

Rateable items of plant and machinery, not already reflected in the rental rates, 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** e.g. a workshop which is part of the unit of valuation.

### 8.3 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.

### 8.4 Deductions

In comparison to the typical standard for the class of office in the locality, there may be justification to consider a deduction to all or part of a subject. Examples include layout, poor access, poor or no natural light.

## 9.0 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 and is provided at **Appendix 2**.

**OFFICE CLASSIFICATIONS**

<b>Class A</b>	<b>Modern Offices</b>
A1	The best and most modern offices, finished to a high standard probably built within the last 10 years. Specification may include raised floors, air conditioning/handling.
A2	A2 offices are properties which would have been A1 when they were built between 1975–1990. Due to their age and the demand for a higher/different specification, they have become outdated and cannot command the same level of rents as an A1 office.
A3	A3 offices were built prior to 1975. They are typically “spec-built” offices. These offices do not have many of the facilities required by modern office users and because of the limited ceiling height it is not possible to put in features such as raised deck flooring for IT/Telecommunications trunking.
A4	This class includes the poorest “spec-built” offices, which may be awaiting redevelopment and maybe let on a short-term basis.
<b>Class B</b>	<b>Purpose Built ‘Inter-War’ Office Blocks c.1919 – 1940</b>
B1	Offices within the above approximate age range which have undergone modernisation to bring the standard of accommodation more in line with that of a modern office.
B2	Again within the approximate above age range which are well maintained with perhaps partial upgrading of some facilities but not the necessary upgrading to bring the accommodation up to a modern specification.
<b>Class C</b>	<b>Typically Victorian (1837-1901) or Edwardian (1901-1914) buildings, purpose built as office blocks, originally of good quality, generally red sandstone</b>
C1	Offices within the above approximate age range which have undergone a complete refurbishment which may involve the dountaking of division walls where possible to provide open plan office space. Will include all modern facilities however, structural constraints deem it necessary to retain loadbearing walls, pillars, etc.
C2	These offices have been reasonably well maintained and have undergone differing degrees of modernisation perhaps over a period of a few years rather than a total refurbishment.
C3	These offices have not been as well maintained as those in C2 and are showing signs of age.
<b>Class D</b>	<b>Older Victorian (1837 onwards), purpose built office blocks of plain and featureless construction, generally grey sandstone</b>
D1	Offices within the above approximate age range which have been well maintained.
D2	Offices within the above approximate age range which are in need of maintenance/upgrading.
<b>Class E</b>	<b>Converted stone houses (villas, semi-detached or terraces)</b>
E1	Offices which have undergone a complete refurbishment which will, where possible, provide open plan office space and include all modern facilities.
E2	Offices where there has been a degree of modernisation.
E3	Offices where there has been no adaptation or improvement.
<b>Class F</b>	<b>Converted Tenements</b>
F1	Offices in tenements where there has been a degree of refurbishment or modernisation.
F2	Offices in tenements where there has been little adaptation from their domestic usage.
<b>Class G</b>	<b>Converted Buildings - Properties which have changed from another ‘use’ to an office (not classes E&amp;F)</b>
G1	Properties which have undergone conversion to an office use and are finished to a reasonable standard.
G2	Properties which have undergone conversion from industrial to an office use and are finished to a reasonable standard.
G3	Converted local authority or housing association houses within residential areas. Little adaptation.
G4	Non-traditional office accommodation, and properties generally unsuited to office use that are being utilised for the purpose.

**QUANTUM**

Quantum should be applied at the rates shown below, interpolating as necessary to the nearest 0.5%.

<b>AYR/IRVINE/KILMARNOCK</b>	
<b>Reduced Area (m<sup>2</sup>)</b>	<b>Quantum</b>
0-20	10%
20-25	10% to 5%
25-30	5% to 0%
30-400	0%
400-775	0% to -5%
775-1050	-5% to -10%
1050-1500	-10% to -15%
1500 +	-15% max

<b>OUTWITH MAIN TOWNS</b>	
<b>Reduced Area (m<sup>2</sup>)</b>	<b>Quantum</b>
0-20	10%
20-25	10% to 5%
25-30	5% to 0%
30-185	0%
185-250	0% to -2.5%
250-500	-2.5% to -10%
500-750	-10% to -17.5%
750-1000	-17.5% to -25%
1000 +	-25% max