



# REVALUATION 2023

## Staff Guidance Note

### Office Comparative Principle

#### 1.0 INTRODUCTION

1.1 This guidance 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 are similar to offices
- d) Class 4 offices (The Town and Country Planning (Use Classes) (Scotland) Order 1997), located on office/business/mixed use parks.
- e) Large stand alone offices, usually located on greenfield sites or on mix use parks.

1.2 This guidance 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.

#### 2.0 BASIS OF VALUATION

Offices are valued by application of the comparative principle using rates per square metre derived from local rental evidence.

As in all classes of lands & heritages use will be an important factor in consideration of value. A range of different users will occupy properties which physically fall into the category "office". While it remains a basic principle in valuation for rating that subjects should be valued in their proper category and that such categories should not be minutely subdivided the analysis of rents should give consideration to whether or not different users pay different levels of rent. Where there is sufficient evidence that this is the case then it will be relevant to the valuation of that type of user.

#### 3.0 VALUATION ROLL DESCRIPTION

All descriptions must conform to the 'List of Categories, Class and Subject Types' currently held in the Northgate system. Request for new descriptions should be raised with a Divisional Assessor.

#### **4.0 MEASUREMENT**

Values will be calculated on Net Internal Area (NIA), measured in accordance with the R.I.C.S. Code of Measuring Practice.

Former LA houses (class G) with little or no adaptation will however be measured, analysed and valued on a gross external basis.

- 4.1 Reduction factors for ancillary floors should be derived from an analysis of local evidence. In the absence of local rental evidence the following reduction factors should be applied.

<b><u>Floor</u></b>	<b><u>With Lift</u></b>	<b><u>No Lift</u></b>
Basement	60-80%	50%
Lower Ground	90 – 100%	80-90%
Ground	100%	100%
First	100%	90%
Second	100%	80%
Third	100%	70%

Care should be taken with the analysis of rents for ground floor offices which are used by the public e.g. banking hall/showroom. Rents may show an enhancement compared to similar classes of offices in the location, which the public do not use.

- 4.2 All areas within the usable net internal floor area will be taken at 'office' rates. No reduction factors should be applied to areas occupied for storage or canteen purposes.

#### **5.0 RATES TO BE USED**

Rental analysis is undertaken in accordance with SAA Basic Principles Committee Practice Note 1. Local rental and cost evidence is used to determine rates applied and adjustments to value.

#### **6.0 OFFICE CLASSIFICATION**

##### **Class A – Modern (1980 to present day)**

- A1** - Top quality prestige offices often built for a particular occupier. Will have air conditioning, floor and ceiling ducting, lifts to all floors and enhanced public areas. Likely to have landscaping and external/internal architectural features, designed to enhance the appearance, and may have exclusive parking. This class will only contain a relatively small number of top quality subjects.
- A2** - Good quality – likely to have most of the features of A1 but not built to the same specification. Will have all of the modern services, but any special features are more likely to be confined to the public areas and managerial accommodation. May have exclusive parking.
- A3** - Plain and functional with adequate finishes and services. Unlikely to have special features or finishes to any great extent and in terms of size they will be small developments.

- A4** - Poor quality modern offices built to the minimum standard to comply with building and planning regulations. Unlikely to have provision for computer ducting built in and with poor finishes both internally and externally.

### **Class B - 1945 to 1980**

- B1** - Top quality prestige offices often built for a particular occupier. Will normally have lifts to all floors and have enhanced public areas. Likely to have landscaping and external/internal architectural features, designed to enhance the appearance, and may have exclusive parking. This class will only contain a relatively small number of top quality subjects of the era, which will have been well maintained over their lifespan.
- B2** - Good quality – likely to have most of the features of B1 but not built to the same specification. Any special features are more likely to be confined to the public areas. Will have been well maintained. May have exclusive parking.
- B3** - Plain and functional with adequate finishes and services. Unlikely to have special features or finishes to any great extent when built and will have only basic maintenance. In terms of size they will be small developments.
- B4** - Poor quality when built . Unlikely to have had a great deal of maintenance.
- R** - If any of the above 4 classes has had a systematic refurbishment carried out to the property a code “R” must be added to the class e.g. B2R. The work will generally be extensive and involve upgrading roof, electrics, services and may even include addition of air conditioning. On completion the property will provide accommodation equivalent to that within class A but within the shell of the original building.

### **Class C – Interwar 1918 to 1945**

- C1** - Top quality prestige offices often built for a particular occupier. Will normally have lifts to all floors and have enhanced public areas. Likely to have landscaping and external/internal architectural features, designed to enhance the appearance, and may have exclusive parking. This class will only contain a relatively small number of top quality subjects of the era, which will have been well maintained over their lifespan.
- C2** - Good quality – likely to have most of the features of C1 but not built to the same specification. Any special features are more likely to be confined to the public areas. Will have been well maintained. May have exclusive parking.
- C3** - Plain and functional with adequate finishes and services. Unlikely to have special features or finishes to any great extent when built and will have only basic maintenance. In terms of size they will be small developments
- C4** - Poor quality when built. Unlikely to have had a great deal of maintenance.
- R** - If any of the above 4 classes has had a systematic refurbishment carried out to the property a code “R” must be added to the class e.g. C2R. The work will generally be extensive and involve upgrading roof, electrics, services and may even include addition of air conditioning. On completion the property will provide

accommodation equivalent to that within class A but within the shell of the original building.

### **Class D – Pre 1914**

- D1** - Top quality prestige offices often built for a particular occupier. Will normally have lifts to all floors and have enhanced public areas. Likely to have landscaping and external/internal architectural features, designed to enhance the appearance, and may have exclusive parking. This class will only contain a relatively small number of top quality subjects of the era, which will have been well maintained over their lifespan.
- D2** - Good quality – likely to have most of the features of D1 but not built to the same specification. Any special features are more likely to be confined to the public areas. Will have been well maintained. May have exclusive parking.
- D3** - Plain and functional with adequate finishes and services. Unlikely to have special features or finishes to any great extent when built and will have only basic maintenance. In terms of size they will be small developments
- D4** - Poor quality when built. Unlikely to have had a great deal of maintenance or upgrading.
- R** - If any of the above 4 classes has had a systematic refurbishment carried out to the property a code “R” must be added to the class e.g. D2R. The work will generally be extensive and involve upgrading roof, electrics, services and may even include addition of air conditioning. On completion the property will provide accommodation equivalent to that within class A but within the shell of the original building.

### **Class E – Stone Houses**

- E1** - Good quality former house which has been well converted to provide good office accommodation. The internal layout will not resemble the original house. Bathrooms will have been replaced by toilets. Original kitchens may have been converted to office space. Walls will have been removed to provide flexible floor plates. Well maintained and renovated.
- E2** - Average house which has been reasonably adapted for use as an office and in reasonable condition. Bathrooms will have been converted to toilets. Original kitchens may have been converted to office space, however the property will still retain the appearance of a floor plate divided into rooms
- E3** - Poor quality house with little adaptation or modernisation.

### **Class F – Tenements**

- F1** - Offices in tenement properties which have undergone a reasonable degree of conversion and upgrading. Bathrooms/original kitchens will have been changed to toilets/office accommodation.
- F2** - Offices in tenement properties that have had little or no adaptation or upgrading and will still have the appearance of a house with many still having the original domestic bathroom and kitchen facilities.

**Class G – Former Local Authority (or Housing Association) Houses/Flats**

**G1** - Former houses/flats which have been converted and now provide reasonable office accommodation. Bathrooms/original kitchens will have been changed to toilets/office accommodation. Walls may have been removed to provide a more flexible floor plate.

**G2** - Former houses/flats with little or no adaptation.

**Class H – Business Centres and Class 4 Offices**

**H1** - Modern purpose built Business Centre. Generally small offices, the landlord may provide services such as receptionist, heating, lighting, repairs, insurance, office furniture, telephones etc.

**H2** - Business Centres converted from former factories, schools etc. Generally small offices, the landlord may provide services such as receptionist, heating, lighting, repairs, insurance, office furniture, telephones etc.

**H3** - Class 4 office pavilions

**Class I – Modular/Prefabricated e.g. Medway, SibcasPermaspace units, timber or precast**

**I1** - Modern

**I2** - Old

If it is identified that in a particular location that a new classification is required (e.g. conversion from an industrial unit) please make a request (through a Divisional Assessor) for a new classification to be introduced

**7.0 ADJUSTMENTS**

With regards to air conditioning, heating and sprinklers which are not deemed to be included in the building classification, the following rates should be applied as a separate calculation:

<b>Item</b>	<b>Rate</b>
Air Conditioning (costs based on a cassette system)	£9/m <sup>2</sup>
Heating	£5/m <sup>2</sup>
Sprinklers	£3/m <sup>2</sup>
Air Handling	£2/m <sup>2</sup>

Any allowance for depreciation, if deemed to be appropriate, should be made in terms of the Basic Principles Committee, Practice Note 1, Adjustment of Rents.

**8.0 QUANTUM/INVERSE QUANTUM**

Quantum/Inverse Quantum should be based on the analysis of rental evidence for the classification and location of the particular office type.

## 9.0 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.

## 10.0 PLANT AND MACHINERY.

Consideration should be given to any plant or machinery as it may now be rateable. See The Valuation of Rating (Plant and Machinery) (Scotland) Regulations 2000.

## 11.0 VALUATION CHECK

At the end of the day the test of a good scheme of valuation is if the valuations produced are in line with the generality of the rental evidence. At the checking / authorisation stage of the revaluation therefore all valuations will be checked against known rents.

Where all valuations appear out of line with the rents the basic rate may have to be reviewed. Where only some are out of line the assumptions and/or adjustments made in the valuation will require to be checked to see if they are insufficient or excessive.

## 12.0 GENERAL COMMENT

There may be exceptional circumstances *that* are not covered by this report and which require special treatment. Such cases should be reported to a Divisional Assessor *for consideration*.

Above all it should be remembered that these instructions are not written in tablets of stone and are for guidance only. There will be circumstances where the valuer must exercise his/her own skill and judgement and vary from this guidance, **although instances of this should be reported to a Divisional Assessor so that all staff can be made aware of the circumstances. This will promote consistency of approach to similar issues.**