



Renfrewshire Valuation Joint Board

Office Subjects Practice Note

REVALUATION 2010

Comparative Principle

1.0 INTRODUCTION

This Practice Note applies to the valuation of offices and premises which are, by reason of their situation and physical characteristics, similar to offices.

2.0 BASIS OF VALUATION

Offices are valued by application of the comparative principle using rates per square metre derived from local rental evidence of particular classes. **(See Appendix for details of Classes)**

3.0 RENTAL ANALYSIS

Rental analysis is undertaken in accordance with the SAA Basic Principles Committee Report Note 1 – Adjustment of Rents. Local rental evidence is used to determine rates applied and adjustments to value.

4.0 MEASUREMENT

Offices are generally measured on an internal basis in accordance with RICS Code of Measuring Practice, to give the net lettable area.

4.1 The following areas are normally excluded from valuation -

- (a) Area which has headroom of less than 1.5 metres, (measured and stated separately but not included in valuation);
- (b) Entrance halls (other than those used as reception areas);
- (c) Stairs, stairwells and landing areas;
- (d) Plant rooms;
- (e) Toilets – generally not included, however see below;
- (f) Main corridor and passageways serving as access and egress to a floor or a building should generally not be included, however, see below.

4.2 The following areas are normally included in the valuation –

- (a) Canteens – these are usually formed by the occupier, no allowance should be given as the landlord will have let the space as office accommodation;
- (b) Kitchens – in a modern office where a kitchen is formed by the occupier in space let to him by the landlord, no allowance should be given.
- (c) Toilets – where a toilet is formed by the occupier in space let to him by the landlord, no allowance should be given.
- (d) Main corridors and passageways – where these have been erected to sub-divide what has been let to the occupier by the landlord, no allowance should be given and the area included in the main office area.
- (e) Storage – where tenant/occupier decides to use an area for storage purposes which has been let as office space, then this should be included in the main office area.
- (f) Strong Rooms/Safes/Stores – apply reduction factors depending on quality.
- (g) Banking Hall/Showroom – in some office developments ground floors are advertised for let with potential for Banking Hall/Showroom use. It is common in these cases that an enhancement over the ground floor office rental rate would be sought by the landlord. The rate to be applied should depend on the rental analysis of this subject type.

5.0 **VALUATION**

As noted above, the valuation of offices should be undertaken by the application of a rate per square metre applied to the net lettable area (or to the reduced floor area, if particular allowances are appropriate).

6.0 **ADJUSTMENTS TO VALUE**

In many cases office buildings will be occupied over more than one floor. Floor relationships derived from local rental evidence should be applied to the net lettable area on each floor (or part of a floor) to arrive at a reduced floor area. The prime determining factor of the relativities between floors (or parts of floors) is often whether there is the provision of a passenger lift.

In the absence of local evidence the following ratio is to be applied.

	With Elevator	No Elevator
Basement	60-80%	50%
Lower Ground	90-100%	80-90%
Ground	100%	100%
First	100%	90%
Second	100%	80%
Third	100%	70%
Fourth & above	100%	60%

6.1 **Additions/Deductions to Value**

The following may be either additions or deductions depending on the standard reflected in the typical office of the class to be valued. 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.

- Heating
- Air Conditioning/Air Handling
- Sprinklers
- CCTV cameras and monitors

6.2 Car Parking

Where car parking spaces, either under cover or in the open, are to be valued with an office, apply an appropriate rate per car space derived from local evidence.

7.0 QUANTUM

This is very much a matter where consideration of the local rental evidence is paramount. Demand for different sizes of unit will vary from location to location.

APPENDIX

DETAILS OF CLASSES

Class A

Modern Offices

- A1** The best and most modern offices built 1990 onwards and finished to a high standard. Specification may include raised floors, air conditioning/handling. A1 offices are typically larger, more prestigious properties but this would not preclude smaller offices as being classed as A1.
- A2** offices which would have been A1 when they were built between 1970 – 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** offices built prior to 1970. 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** Temporary modular offices.

Class B

Converted Buildings -Properties which have changed from another ‘use’ to an office (not converted houses/flats- see classes E&F)

- B1** These are properties which have undergone conversion to an office use and are finished to a reasonable standard.
- B2** Properties which have not been converted to the same standard as a B1. This could include subjects where a complete conversion has not been undertaken.

Class C

Typically Victorian/Edwardian buildings, purpose built as office blocks, originally of good quality, generally red sandstone

- C1** Offices which have undergone a complete refurbishment which may involve the taking down of division walls where possible to provide open plan office space will include all modern facilities. Structural constraints, however, deem it necessary to retain load bearing walls, pillars, etc.
- C2** Offices which 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.

Class E

Converted houses (villas, semi-detached or terraces)

- E1** Offices which have undergone a complete refurbishment which will, where possible, provide open plan office space and include all modern facilities.
- E2** Offices which have been subjected to a degree of modernisation.
- E3** Offices which have not been improved.

Class F

Converted Flats

- F1** Modern flatted offices.
- F2** Older offices within flats which will have undergone a degree of refurbishment or modernisation.
- F3** Offices within flats which will have had little adaptation from their domestic usage.

Class H

Offices located in Business Parks

- H1** Purpose built offices in a business park location. The parks are designed to provide modern accommodation in landscaped surroundings with good facilities for parking. They are often located near motorways or main roads.
- H2** Offices which are situated in business parks which are not to the same standard as business parks.