

TAYSIDE VALUATION JOINT BOARD
REVALUATION 2023
VALUATION OF INDUSTRIAL SUBJECTS



PART 1

VALUATION OF “STANDARD” FACTORIES AND ALLIED SUBJECTS

1 GENERAL

The revaluation of factories, workshops, warehouses and stores type properties should be based whenever possible on the **Comparative Principle** and all subjects which can be reasonably dealt with by comparison should be so valued. This will include all factories and workshops or similar subjects adapted for a variety of uses but will exclude retail warehouses which should be valued by reference to SAA Commercial Properties Committee Practice Note 5 – Valuation of Retail Warehouses.

As with all applications of the comparative principle of valuation the best evidence is likely to be found locally. However, further guidance may be taken from SAA Industrial Committee Practice Note 1 – Comparative Principle if required, in consultation with the Principal Valuer or Assistant Assessor.

1.1 Calculation of Floor Areas

Floor areas should be calculated to Gross Internal Area (GIA), measuring to the internal face of the main walls of the building.

Separate Buildings: Because GIA excludes the thickness of external walls, and includes the thickness of all **internal** walls, it is necessary to identify what constitutes a separate building. Each building should be allocated a separate Key Item reference.

Internal Face: Means the brick/block work, or plaster coat applied to the brick / block work, not the surface of internal fittings installed by the occupier.

Lift Rooms etc: These items, along with area occupied by the liftwell, should be included if housed in a roofed structure having the appearance of permanence e.g. made of brick or similar building material.

Stairwells: All stairwells should be included, no matter which floor they are situated on.

Level Changes: The presence of steps, or a change in floor levels, is to be noted.

2 DESCRIPTION

For the purpose of this Report, the term “Standard” Factory shall be defined as a factory unit over 700m² gross internal area having steel or concrete frame with walls of insulated cladding or masonry equivalent, insulated roof and granolithic or power floated load bearing floor, and a standard quality of electric light but no heating. Normal wallhead height 3.80m to 5.00m.

In addition to such production or storage areas, there may be associated offices and ancillary accommodation.

2.1 Offices and Ancillary Areas

Where there are offices in addition to production areas, consideration should be given to their quality and extent in comparison with the remainder of the subject and others in the locality. Consideration of the planning use class may provide guidance on this matter and where the Valuer is in any doubt, guidance should be sought from the Principal Valuer or Assistant Assessor.

Where the Valuer is content that such offices and ancillary areas are within the general norm found in industrial type subjects, consideration should be given to the relative qualities of these areas.

Normally, office areas will have lined walls and ceilings, carpeted floors and standard quality of finishes. The rates outlined later in this report assume adequate lighting but no heating. In cases where the office or other accommodation is considered to be of poorer quality, a mid-rate may be more appropriate. Conversely, superior offices may attract an enhanced rate. In some cases, it may be appropriate to value superior accommodation using commercial office rates applied to Net Internal Area (NIA).

2.2 Site

The development of land surrounding the buildings may vary widely in its use. While some subjects may have yards and loading areas, others may be surrounded by landscaping and designated car parking.

It is to be assumed that the total normal site area, including buildings, yards, landscaping etc. is equivalent to 1½ times the total gross external area of the footprint of the buildings. Where the total site area exceeds this norm, reference should be made to the Yards and Ground report for the valuation of developed site and Section 11 of this practice note for the valuation of undeveloped land. Please note that in the valuation of the site area the basic rate adopted should reflect the total site although the area to be valued will exclude 1½ times the total gross external area of the footprint of the buildings.

In recent years, in certain developments, land adjoining industrial and warehousing property has been utilised in a very different mode to the traditional fenced service yard. The land, in this instance, may be landscaped with substantial designated landscaped car parking and minimal service yard. These circumstances have been taken into account in the rental analysis in limited instances. Where this is the case, it will be appropriate to value the entire yard and all car parking with regard to their use in accordance with the applicable practice note excluding separate landscaping.

Should there be any doubt in the valuation of the site element consult the Principal Valuer or Assistant Assessor.

3 BASIC RATES

3.1 Rates

An analysis has been carried out of rents passing for standard factories located throughout the Tayside Valuation Joint Board area, particular attention being paid to those rents fixed at or around the tone date of 1 April 2022.

From the examination and appraisal of the rental evidence, it has been determined that the appropriate rates/m² for a basic building erected from 2022 onwards and as described in Section 2, in nominated locations, are as follows:-

Location	Production Area		Offices	
	Rate (m ²)	Code	Rate (m ²)	Code
Dundee	£52	Dundee_City_StdP	£78	Dundee_City_StdO
Perth & Kinross				
Perth & Invergowrie	£56	Perth_City_StdP	£84	Perth_City_StdO
Kinross	£47	Perth_Kinross_StdP	£70.50	Perth_Kinross_StdO
Milnathort	£45	Perth_Milthort_StdP	£67.50	Perth_Milthort_StdO
All Other Burghs	£35	Perth_BurghOth_StdP	£52.50	Perth_BurghOth_StdO
Villages & Landward	£30	Perth_Vil/land_StdP	£45.00	Perth_Vil/land_StdO
Angus				
Main Burghs	£33	Angus_LrgBurgh_StdP	£49.50	Angus_LrgBurgh_StdO
Small Burghs	£29	Angus_SmlBurgh_StdP	£43.50	Angus_SmlBurgh_StdO
Angus Well Located Landward	£26	Angus_GdLndwrld_StdP	£39	Angus_GdLndwrld_StdO
Villages & Landward	£22	Angus_Landward_StdP	£33	Angus_Landward_StdO

3.2 Transparency of Comparables

The rental comparables used to inform the above rates should be identified through the relevant internal TVJB systems and coded consistently in accordance with guidance, in order to facilitate the display of addresses at the SAA Portal.

Any specific localised exceptions to the above generally applicable rates should also be appropriately coded in order to facilitate the display of comparables in line with statutory requirements.

4 ADJUSTMENT TO BASIC RATES

4.1 Location Adjustment

In certain circumstances, it may be appropriate to make a percentage adjustment to the basic rate to reflect particular locations. In doing so reference should be made to 3.2 above and relevant comparables considered. **In all cases, guidance should first be sought from a Principal Valuer or Assistant Assessor.**

4.2 Retail Use

Where an industrial building is used for retail purposes, consideration should be given to enhancement of the basic rate, where appropriate, or to applying a different method of valuation. If unsure, seek guidance from a Principal Valuer or Assistant Assessor.

4.3 Further adjustment of basic rates

To take account of the technical specification and finish of individual buildings, the adjustments contained in the following tables should be aggregated and applied to the basic rate resulting from any previous adjustment (e.g. mid rate, upper floors, location, etc).

4.3.1 Heating

Standard	Addition to Basic Rate (m ²)	
	Production Area	Office
Poor - an insufficient number of heating units or dated units providing limited coverage	5%	5%
Fair - heating units providing background heating/partial coverage only	7.5%	7.5%
Standard - heating units of a type commensurate with the age of the building providing full coverage	10%	10%
Superior - most comprehensive system of heating units, may be computer controlled	12%	12%

Note:- The additions include for the boiler, chimney and fuel tanks, where appropriate, but not the boiler-house.

4.3.2 Air Conditioning

Type of Air Conditioning	Addition to Basic Rate (m ²) (exclusive of heating)	*Heating Addition
Mechanical Ventilation inducing fresh air, likely to be separate from heating system	5%	Where addition should also be made for heating, refer to 4.3.1 for appropriate % addition.
Simple air conditioning system with heating and cooling combined	10%	
Full climate control system	15%	

* The above Air Conditioning additions are exclusive of heating at 4.3.1 which will need to be added for separately, e.g. a full climate control system would have an addition from the Air Conditioning table of 15% and an addition from the Heating Installations table of 12%.

4.3.3 Lighting

Standard of Electric Lighting	Adjustment to Basic Rate (m ²)
Inferior	-2.5%
Standard quality	no adjustment
Superior / Specialist Systems	+ 2.5%

Note:- In the unlikely event of a building with no lighting an allowance of up to 10% may be made.

4.3.4 Wall Head Height Adjustments

The following table provides a range of height adjustments that should be used. Please note that all measured sizes should be rounded to the nearest 10cm.

Wall-head height deduction	Adjustment
0.00 - 1.40m	-15.0%
1.50 - 1.90m	-10.0%
2.00 - 2.50m	-7.50%
2.60 - 3.00m	-5.00%
3.10 - 3.70m	-2.50%
3.80 – 5.00m	No adjustment
Wall-head height addition	Adjustment
5.10 – 6.00m	+2.50%
6.10 – 7.00m	+5.00%
7.10 – 8.00m	+7.50%
8.10 – 9.00m	+10.0%

Where additions for buildings over 9 metres are required, some guidance may be taken from the SAA Industrial Practice Note No 1 in consultation with a Principal Valuer or Assistant Assessor. The maximum addition should not normally exceed 20%.

In the case of buildings with monopitch roofs, any adjustment for wall-head should be based on the lowest height.

4.3.5 Other Additions (Production Buildings)

Item	Addition to Basic Rate (m ²)
a) Roof Insulation (already included in the basic rate)	Nil
b) Floor Finishes (there are many kinds - those given are examples). The rates are additional to what is already included for granolithic.	
Granolithic (already included in basic rate)	Nil
Epoxy Resin	+ 2.5%
Vinyl Tiles	+ 2.5%
Quarry Tiles	+ 5%
Cork Tiles	+ 5%
Terrazzo	+ 10%
Steel Plate on Concrete	+ 10%
Wood block (Parquet)	+ 10%
Heavy Reinforced Concrete	+ 5%
Vinyl Tiles (anti-static)	+ 7.5%
Surface Drainage	+ 2.5%
c) Internal Wall Finishes (there are many types of finish - the undernoted are commonly encountered)	
Plasterboard or plastered	+ 5%
Insulation Board	+ 5%
Laminated Board	+ 5%
Terrazzo Tiled	+ 10%
Glazed Tiled or wipe clean food industry finish (10% addition includes for ceiling finish also)	+ 10%
Non Standard	input %
d) Sprinklers Normal Hazard (to include ancillary plant but not water storage or lagoon).	5%

Additional increases to the rate may be applied if required, following consultation with the Principal Valuer or Assistant Assessor.

4.3.6 Deductions (Production & Ancillary Buildings)

Item	Deduction from Basic Rate (m ²)
No Roof insulation	5%
Inferior Roof insulation	2.5%
Inferior Floor Finish	
Unscreened Concrete Floor	- 2.5%
Cobble Floor	- 10%
Ash or Earth Floor	- 20%
Other e.g. Flagstone; Inferior Timber or Sleeper -10%; Tarmac or Timber -5%	input %
Inferior Wall Finish	
Corrugated Asbestos Double Skin with Brick Base (e.g. 1 metre Dado)	- 12%
4.5" Brick	- 15%
Single Cladding (unlined and uninsulated)	- 15%
Precast Panels	- 25%
Single Sheet Corrugated Iron or Asbestos	- 35%
Timber (unlined & uninsulated)	- 50%

Additional wall finish deductions may be granted if required, following consultation with the Principal Valuer or Assistant Assessor.

4.4 Superior or Inferior Construction/Quality

Where an industrial building is of superior or inferior construction or quality, either as regards the basic structure, the finishes, fitting-out or services compared to the standard specification, care should be taken to ensure that the rates applied reflect such. In case of doubt, consult the Principal Valuer or Assistant Assessor.

5 AGE AND CONDITION

The following scale of allowances is provided as an indication of the reductions which may be appropriate for particular years of construction. The adjustment should be applied to the rate that has resulted from any adjustments already made under Section 4.

Allowances should be restricted or even completely withheld in the case of refurbished buildings depending on the degree of improvement. Allowances of greater than 50% should only be made in exceptional circumstances, as it is reasonable to assume that buildings built earlier than 1968 will have been subject to some degree of upgrading.

The condition allowance should only be varied from the following scheme in exceptional circumstances.

Year	-%	Year	-%	Year	-%
2023	0	2002	16	1981	37
2022	0.5	2001	17	1980	38
2021	1	2000	18	1979	39
2020	1.5	1999	19	1978	40
2019	2	1998	20	1977	41
2018	2.5	1997	21	1976	42
2017	3	1996	22	1975	43
2016	3.5	1995	23	1974	44
2015	4	1994	24	1973	45
2014	4.5	1993	25	1972	46
2013	5	1992	26	1971	47
2012	6	1991	27	1970	48
2011	7	1990	28	1969	49
2010	8	1989	29	1968	50
2009	9	1988	30	<i>Refer SAA Industrial Committee PN 2 and guidance above if allowances in excess of 50% are to be considered</i>	
2008	10	1987	31		
2007	11	1986	32		
2006	12	1985	33		
2005	13	1984	34		
2004	14	1983	35		
2003	15	1982	36		

6 DISABILITIES

The following table suggests a range of appropriate allowances for the most commonly found drawbacks to the occupation of industrial subjects. The list is not exhaustive but care should be taken to ensure that aggregated allowances are not excessive. Adjustment should be made either to the individual items affected by the disability (by applying the amount as a final adjustment to the rate that has resulted from all previous adjustments for the particular item) or by applying an end allowance to the value of the entire property.

Disability	Detail	Allowance
Bad shape and/ or layout		Deduct up to 10.00%
Liability to flooding*		Deduct up to 10.00%
Narrow bays with columns	3.00 metres apart 9.00 metres apart 15.00 metres apart	Deduct up to 10.00% Deduct up to 5.00% No allowance
One wall open to yard		Deduct up to 15.00%
Poor access		Deduct up to 5.00%
Restricted yard space as compared to rental evidence subjects		Deduct up to 5.00%
Variation in floor levels		Deduct up to 2.50%

* If the Valuer feels an allowance greater than 10% may be warranted then consult with a Principal Valuer or Assistant Assessor.

7 REDUNDANCY

An allowance for redundancy will not normally require to be considered in the valuations of this category of subject. In situations where an allowance for redundancy is being considered the issue should be discussed with the Assessor/Depute Assessor/ Assistant Assessors.

8 MULTI STOREY BUILDING ADJUSTMENT

Adjustments to multi storey buildings should be applied to the basic rate for the particular item, after any adjustment for location, in accordance with the following:-

8.1 Production

Floor	Goods & Passenger Hoist Adequate Standard Deduction	Goods & Passenger Hoist Inferior Standard Deduction	No Hoist Deduction
Ground	Nil	Nil	Nil
1 st	10%	15%	25%
2 nd	15%	20%	50%
3 rd	15%	25%	75%
4 th & above	15%	30%	95%
Basement	10%	15%	25%

Note:- The Goods and Passenger Hoist “Adequate Standard” column assumes a hoist adequate to serve the upper floors of a building. It is difficult to define “adequate” in this context as circumstances vary so much but as a guide a hoist of 6 person (450kg) capacity is expected in a medium sized unit with a larger 10 person (800kg) capacity hoist or more than one smaller hoist in large units. Where it is clear that the hoist is inferior and not sufficient to largely compensate for the upper floor situation, the storey allowance may be increased to that shown in the Goods and Passenger Hoist “Inferior Standard” column.

8.2 Offices

Main Floor	No Lift Deduction	Attic Floor	No Lift Deduction
Ground	Nil	-	-
1 st	Nil	1A	10%
2 nd	15%	2A	25%
3 rd	35%	3A	45%
4 th	45%	4A	50%
5 th	50%	5A	55%

There may be situations where these allowances may be inappropriate, having regard to individual cases. In such cases valuers should consult a Principal Valuer or Assistant Assessor.

8.2.1 Office Basements

The reduction factors for basements may require variation within wide limits to allow for variety of character, e.g. suitability of access, quality or daylighting etc, and each basement should be judged on its own merits.

9 QUANTUM

The allowances in the following table should be applied to the total value of the main building items, having regard to the total floor area of such items:-

AREA (m²)	Allowance
750 and over	1%
800 and over	2%
850 and over	3%
900 and over	4%
1000 and over	5%
1200 and over	6%
1350 and over	7%
1500 and over	8%
1650 and over	9%
1800 and over	10%
1900 and over	11%
2000 and over	12%
2167 and over	13%
2333 and over	14%
2500 and over	15%
2667 and over	16%
2883 and over	17%
3000 and over	18%
4000 and over	19%
5000 and over	20%
6000 and over	21%
7000 and over	22%
8000 and over	23%
9000 and over	24%
10000 and over	25%
11000 and over	26%
12000 and over	27%
13000 and over	28%
14000 and over	29%
15000 and over	30%
16000 and over	31%
17000 and over	32%
18000 and over	33%
19000 and over	34%
20000 and over	35%
22000 and over	36%
24000 and over	37%
26000 and over	38%
28000 and over	39%
30000 and over	40%
32000 and over	41%
34000 and over	42%
36000 and over	43%
38000 and over	44%
40000 and over	45%
42000 and over	46%
44000 and over	47%
46000 and over	48%
48000 and over	49%
50000 and over	50%

10 COLD STORES

See separate SAA Industrial Committee Practice Note 2 – Valuation of Cold Stores.

It should be noted that, where these are formed within an industrial building, the addition for wall head height should relate to the full height of the building itself and not the cold store ceiling (where the space above the cold store is used to house related plant and machinery). In addition, as mentioned in Section 1.1 of this report, the thickness of all internal walls should be included in GIA. This also includes cold store walling/lining.

11 LAND

Reference should be made to the description in Section 2.2.

11.1 Excess Land

In a Comparative Principle valuation where the site exceeds the standard area of 1½ times the total gross external area of the footprint of the buildings, any additional amount of value added to reflect this should be considered in context of comparable local evidence. Reference should be made to the Yards and Ground valuation instruction.

This instruction should only apply in cases where an area of land on the site has been incorporated within the boundary of the subject and has benefited from site improvements, e.g. levelled, drained etc.

11.2 Development Land

Where areas of land reserved for future development are identified, these should be considered at the discretion of the Valuer in consultation with the Principal Valuer or Assistant Assessor.

12 ADDITIONS/ANCILLARIES

12.1 The following approach is recommended for the treatment of minor buildings and elements frequently associated with industrial subjects.

Item	Approach to valuation
Canopies	Apply 25% of the appropriate basic rate for a simple roof and up to 40% for more substantial structures.
Loading Platforms & Dock Levellers	Value by application of the Contractor's Basis of valuation with reference to guidance and replacement costs contained in the SAA/VOA Rating Cost Guide.
Mezzanine Floors	The building should be valued in the normal way and the mezzanine valued at between 15% to 30% of the appropriate basic rate depending on strength and quality. Where the structure is substantial, it should be included as a separate item within the valuation, thus benefiting from quantum and age and condition allowances. It may however be appropriate to include less substantial structures as ancillaries.

12.2 Contractors Huts, Portable Cabins and other temporary buildings

Reference should be made to the Portable Cabins and Similar Subjects valuation instruction.

12.3 Valuation of Ancillaries

Ancillaries may be added to the valuation before or after the application of end allowances. When adding ancillaries to the valuation valuers should give consideration to the nature of any such end allowances given when deciding whether ancillaries should be subject to those. Typically Plant and Machinery under point 13 below, valued by reference to cost, would not be subject to end allowances.

13 THE VALUATION FOR RATING (PLANT AND MACHINERY) (SCOTLAND) REGULATIONS 2000 (as amended)

Valuers should be aware of the above Regulations and a check should be made that all appropriate additions have been made before the valuation is concluded.