

2010 REVALUATION



VP / C / 2

VALUATION OF PRIVATE NURSERIES

1.0 Introduction

This instruction deals with the valuation of private nurseries.

Private nurseries operate as a business, generally offering a full time service for 50 or 52 weeks of the year. Day care will be offered typically during business hours from 8am to 6pm. Ordinarily the service will be offered to a range of ages from babies to age 5.

Over the past decade there has been a large increase in the number of private day care nurseries within Lothian. The provision of day care for children has evolved from small family run units, which were often part of the provider's home, to professionally run operations in larger dedicated properties. Consequently a wide range of rental evidence has become available for analysis.

2.0 Basis of Valuation

2.1 Private nurseries should be valued by application of the comparative principle in accordance with this instruction, except in the following circumstances:-

Nurseries situated in **prime city centre** office locations will have to compete with other office occupiers and the landlord will expect to receive a rent equivalent to the character of the property. Therefore, in clear office locations the property should be valued in line with the prevailing office levels.

Similarly, nursery premises which are operated from retail units forming part of a shopping precinct and having the character of retail property should be valued on a similar basis to the other properties in the precinct.

Local authority Nursery Schools adjacent to or within the grounds of school properties or forming part of the school property and providing the pre-school education for the associated school should be valued in terms of SAA Public Buildings Committee Practice Note 5.

2.2 /....

2.2 Classification

As a category there are a wide variety of premises ranging from modern purpose built to former residential houses and converted church halls. The most appropriate classification should be selected from the following descriptions.

The classification should be selected for each individual building with any separate buildings, typically additional portable building accommodation, valued at the rate appropriate for that class.

Class 1

Purpose built nursery of modern standard or substantially reconstructed property which is equivalent to the best modern premises.

Class 2

Good quality adaptation often found in large stone built property within its own grounds. Typically generous room sizes though often altered internally to create larger rooms or to form more generous kitchen facilities.

Class 3

Modest adaptation of smaller house/bungalow or former community hall. There will be minimal adaptation or internal rearrangement of accommodation, often retaining the original house layout with kitchen and bathroom in the same location. Typically rooms are smaller or in the case of a former community hall likely to be one open area with a small ancillary kitchen and WC area.

Class 4

Basic accommodation typically provided in the form of portable building or timber pavilion. Basic standard of finish internally and with little or no scope for altering or improving original layout.

3.0 Valuation

The location of private nurseries will often be within residential areas or other areas of limited commercial appeal. Close proximity to places of work, such as out of town office parks or hospitals and locations within residential areas are desirable and can therefore command a level of value in line with city centre locations.

All available rental evidence has been analysed and the recommended rates to be applied are shown in the table below.

The rates should be applied to the gross external area (GEA) of the property. All accommodation on each floor should be included and each floor taken at unity. A reduction factor of 0.8 may be applied to inferior attic accommodation with features such as restricted height, inferior access etc that limit the use of the area.

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3/ Recommended Rates

Class	Edinburgh	Counties	Remote Rural
1	£90	£80	n/a
2	£70	£60	£50
3	£60	£50	£40
4	£30	£20	£20

- Counties rates also applicable to Balerno, Dalmeny and South Queensferry.
- Remote Rural rates should only be used in circumstances where the location is distant from towns and main commuting routes.

4.0 End Allowance

Where multiple allowances are appropriate they should be applied in sequence as given below.

4.1 Multi floor properties

Where nurseries have accommodation over a number of floors the following adjustments may be applied to each building-

No of Floors	Allowance
2 Floors	-3%
3 Floors	-5%

4.2 Primary Entrance not on Ground Floor

It is a significant disadvantage for nurseries to operate from premises where the primary floor of entry is not at ground floor level. Where the primary entrance is at basement or first floor level then an end allowance of 10% may be applied.

4.3 Thick walls/Excessive circulation

Where a building, **which is not purpose built**, has excessively thick walls and/or excessive circulation space that does not add to the value of the property **and** where the differential of GEA to NIA exceeds 40%, a further allowance is appropriate.

The following allowance is to be applied:

GEA to NIA differential	Allowance
40% - 46%	-2.5%
47% - 53%	-5%
54% - 59%	-7.5%
>60%	-10%

4.4 Layout

Where the layout of the property creates a severe disadvantage, for example where the nursery operates from a number of separate buildings, then an end allowance of from 2.5% to 5% may be granted.

4.5 Outdoor Space

It is assumed that some degree of outdoor space will be available. In circumstances where there is a complete lack of any garden space with the nursery then an allowance of up to 5% may be granted.

5.0 Quantum

The following allowances for quantum should be applied to properties over 450m²:

Area Range	Allowance
450-500m ²	2.5% to 5%
550-650m ²	5 to 7.5%
650-750m ²	7.5% to 10%
750-850m ²	10% to 12.5%
850-950m ²	12.5% to 15%

Interpolate as necessary between points.

6.0 Pertinents

6.1 Ancillary Buildings

Ancillary buildings such as pram stores and external stores of an inferior construction should be valued at 25% of the main building rate applied and added as a pertinent at the end of the valuation.

6.2 Garages

Lock up garages within the nursery grounds should be added as a pertinent at the appropriate rate in accordance with VP/C/1 Valuation of Non-Domestic Lock-up Garages and Car Parking Spaces.

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7.0 Apportionment

Properties which are part occupied as a domestic dwelling will require to be apportioned and an entry made in the Valuation List.

8.0 Rounding

All valuations should be rounded in accordance with the following table:-

START VALUE	END VALUE	ROUND TO NEAREST
0	50	1
51	100	5
101	500	10
501	1,000	25
1,001	5,000	50
5,001	100,000	100
100,001	250,000	250
250,001	500,000	500
500,001	1,000,000	1,000
1,000,001	5,000,000	5,000
5,000,001 and above		10,000