

VP / C / 2 Approved for Publication – 28/06/2016

VALUATION OF NURSERIES

1.0 Introduction

1.1 This practice note applies to the valuation of private nurseries.

The provision of day care for children has evolved from small family run units, which were often part of the provider's home, to those operated from larger dedicated properties. Private nurseries generally offer a full time service for up to 52 weeks of the year and day care will be offered typically during business hours from 8am to 6pm. Ordinarily the service will be offered to children aged up to 5.

2.0 Basis of Valuation

2.1 A range of rental evidence exists and Nurseries should be valued by application of the comparative principle. The rates per square metre in section 3.1 should be applied except in the following circumstances:-

- Nurseries situated in office locations, particularly those in prime city centre locations or in an established office location, will have to compete with other office occupiers and the landlord will expect to receive a rent equivalent to the character of the property. Accordingly, any Private Nurseries in such locations may be valued in line with the prevailing office levels.
- Nurseries 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.
- Nursery Schools comprise part of a school property which provide pre-school education for the associated school. These property's should be valued in terms of SAA Public Buildings Committee Practice Note 5 (The Valuation of Schools).

2.2 Classification

Nurseries operate from a wide variety of premises ranging from modern purpose built premises to adapted properties including former residential houses and converted church halls. The most appropriate classification should be selected from those in the following table. The classification should be selected from the table shown below. Any separate buildings, for

example, additional portable building accommodation, should be valued at the rate appropriate for that class of building.

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 including converted community halls. Properties include stone built properties within their own grounds. Properties typically have 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. Minimal internal rearrangement of accommodation and properties often retain the original house layout with kitchen and bathroom in the same location.
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

3.1 The recommended valuation rates per square metre 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.

Class	Edinburgh	County	Remote Rural
1	£135	£90	£90
2	£135	£90	£55
3	£65	£60	£45
4	£50	£40	£30

- The location of 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.
- County 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 /...

4.0 End Allowance

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

4.1 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.

4.2 Layout

Where the layout of the property creates a severe disadvantage, for example where the nursery operates from a number of separate buildings, or over separate floors, then an end allowance of up to 10% may be granted.

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 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

5.1 The following allowances for quantum should be applied to properties over 450m² (interpolate to the nearest 0.5%):

Area Range	Allowance
450-550m 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%

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.

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 DOWN 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 and above		5,000

**All valuations should be entered on SharePoint in the spreadsheet
- Final Nursery Valuations 2017**