



UCEM Institutional Research Repository

Title	Lectures (20 hours) to international students in 2023 for Ecole Supérieure des Professions Immobilières, Paris Campus.
Author(s)	David Hourihan, David Hourihan, David Hourihan and David Hourihan
ORCID	https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130 ; https://orcid.org/0000-0003-1405-3130
Type	Conference or Workshop Item
Publication title	
Publisher	
ISSN/ ISBN	
Publication Date	6 November 2023
Version	
DOI	
Repository link	https://ube.repository.guildhe.ac.uk/id/eprint/198/
Link to publication	

Copyright:

UCEM aims to make research outputs available to a broader audience via its digital [Repository](#). Where copyright permits, full text material held in the Repository is made freely available. URLs from GuildHE Research Repositories may be freely distributed and linked to. Please refer to each manuscript for any further copyright restrictions.

Reuse:

Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page, and the content is not changed in any way.

PROPERTY VALUATION

(BG3 ALT S6)

Section 5 –

Types of Valuation

Real Estate Business Management Program

Year 3 – Work study program

Présenter: David Hourihan MSc Prop Inv FRICS

7 November 2023

Property Valuation (BG3 ALT S6)

Agenda

1. What is Valuation?
2. Types of Valuation.
3. Non-statutory valuations.
4. What is being valued.
5. Who are we valuing for?
6. Red Book.
7. Basis of Value.
8. Concepts of Price and Value.

Property Valuation (BG3 ALT S6)

1. What is Valuation?



Process of estimating an exchange price, known as 'market value'



Analysis and reporting of price information under certain assumptions



Price quote supported by experience and knowledge



Static view of dynamic market

Property Valuation (BG3 ALT S6)

2. Types of Valuation

Table 3.1 Statutory and non-statutory purposes for valuation

<i>Types of valuation</i>	
<i>Statutory</i>	<i>Non-statutory</i>
<ul style="list-style-type: none">• rating and council tax• compulsory purchase and compensation• taxation generally where there is a property dimension• fair rents for dwellings• residential lease extensions and enfranchisements• aspects of commercial leases arising from landlord and tenant legislation	<ul style="list-style-type: none">• purchase or disposal of a property• to establish rental value• reinstatement cost for fire insurance• residential and commercial mortgage valuations• valuation for company accounts• development appraisals and to secure development loans

Table 3.1: Isaac D and O'Leary J (2012) Property Valuation Principles (2nd edn) [e-book], Basingstoke: Palgrave Macmillan.

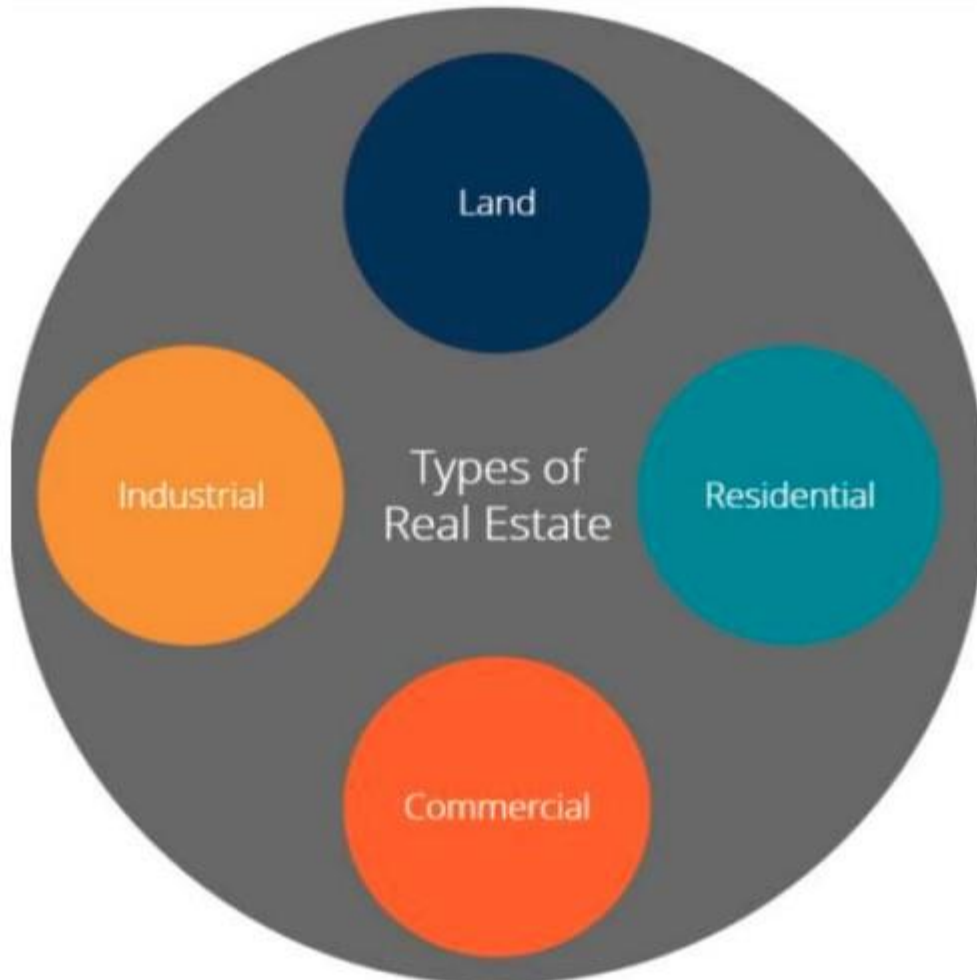
Property Valuation (BG3 ALT S6)

3. Non-statutory Valuations

- Valuations to establish market value in the context of a sale.
- Valuations to identify market rent.
- Valuations for fire insurance.
- Mortgage Valuations.
- Valuations for company accounts.
- Development Appraisals.

Property Valuation (BG3 ALT S6)

4. What is being Valued



Retail

Retail park units
Supermarkets
Convenience stores
Petrol stations
Pubs and restaurants
Retail Warehouses
Standard high street retail
Shopping Centres

Office

City
West End
Rest of UK

Industrial

Standard industrial
Distribution centres
Data centres

Alternative commercial property

Primary healthcare (Let to GPs)
Hotels
Car parks
Nursery schools
Self storage
Care homes
Undeveloped land

Property Valuation (BG3 ALT S6)

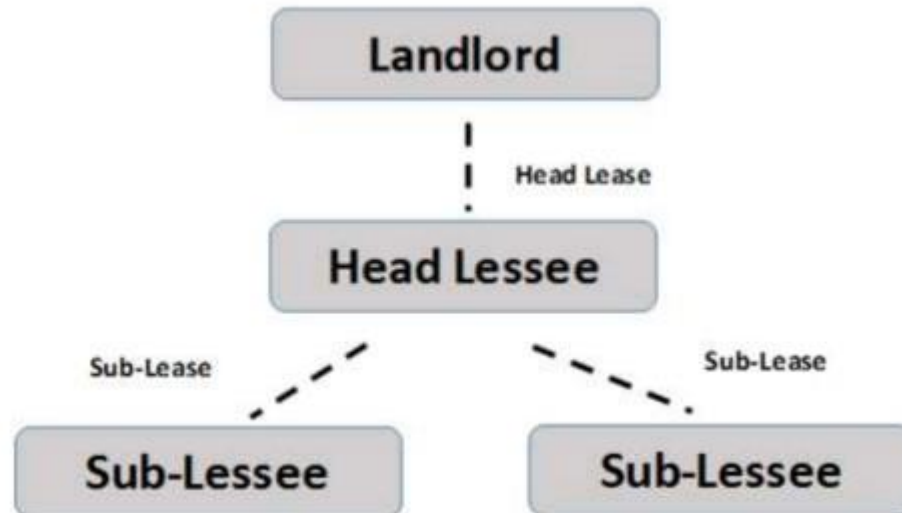
5. Who are we valuing for?

Valuations are also undertaken for lenders or other professionals such as solicitors and accountants.

Landlord is the owner

Tenant

Sub-tenants



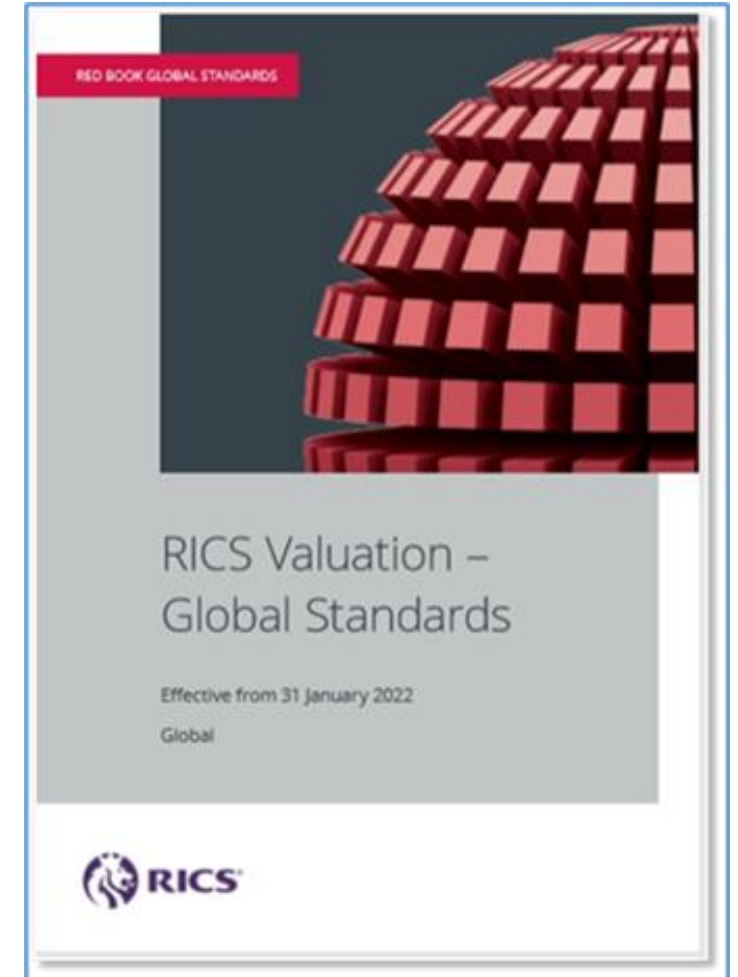
Property Valuation (BG3 ALT S6)

6. Red Book

The 'Red Book' – the familiar name for the RICS Valuation – Global Standards.

The Red Book sets out the terms, definitions and framework within which registered valuers should operate when carrying out valuations for clients.

Note: The Red book is updated frequently, and you should always be working to the most current version. There are also national supplements – view UK version.



Property Valuation (BG3 ALT S6)

7. Basis of Value

The Red Book provide the following key definitions:

1. **Market Value** – ‘the **estimated** amount for which an asset or liability should exchange **on the valuation date** between a **willing buyer** and a **willing seller in an arm’s length** transaction, **after proper marketing** and where the parties had each acted **knowledgeably, prudently and without compulsion**’.
2. **Investment Value** (also known as ‘worth’) – ‘**the value of an asset to the owner or a prospective owner** for individual investment or operational objectives.
3. **Fair value** – ‘the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.
4. **Market rent** – ‘the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

Property Valuation (BG3 ALT S6)

7. Basis of Value

Examples of the use of the four bases of value are:

1. **Market Value**: capital value for sale or company accounts or collateral for lending.
2. **Market Rent**: rental value of property to be leased or for business rates.
3. **Investment Value** (or worth): value to a specific client.
4. **Fair Value**: quite specific where two parties have an existing commitment to the property and there is no intention for it to be marketed.

Property Valuation (BG3 ALT S6)

8. Concepts of Price, Value and Worth

Price \neq Value

Market Price: Price paid, exchange price.

Market Value: Estimate of exchange price in a defined market.

Market Value \neq Investment Worth

Investment Worth: Estimate of value to a particular section or person of the market (not Market Value).



Next Lecture

Section 6 – Valuation Procedures