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Introduction to Valuation

Third Edition

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M
MACMILLAN

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David would like to dedicate this book to the memory
of his parents, Samuel and Susan Richmond

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Preface to the First Edition

The main purpose of this book is to assist those studying the subject of valuation for the Part 1 Examination of the Royal Institution of Chartered Surveyors and other relevant professional bodies, and for degrees and diplomas in estate management at universities and polytechnics. I also hope that it will be helpful to quantity, building and mineral surveying students, who require a knowledge of valuation in their studies, and others interested in the principles and techniques of property valuation.

Most examinations in valuation contain a number of questions involving calculations. In this connection the reader may benefit from attempting the questions included in Chapters 3, 6, 7 and 8, the answers being provided at the end of the book. The chapter on mathematical aids should be of value for purposes of revision.

When answering questions with tax implications, the reader should apply the tax rates current at the time. I have used different tax rates throughout the book, so that the reader will appreciate that tax rates can vary according to the differing financial and personal circumstances of investors, and Finance Act changes.

I would like to express my thanks to Dr I.H. Seeley for his invaluable advice and encouragement; also to many other colleagues at Trent Polytechnic for their helpful comments.

Sincere thanks are also due to the Royal Institution of Chartered Surveyors and the Universities of London and Reading for permission to use past examination questions as examples and test questions.

Nottingham
Spring 1975

DAVID RICHMOND

Preface to the Second Edition

It is nine years since the First Edition of this book appeared, and during that time there have been considerable developments in valuation techniques and research.

In this edition I have taken out my original chapter on mathematical aids, due to the widespread use of calculators. I have updated the main text and extended Chapter 5 (originally Chapter 6) to take account of payments receivable other than annually in arrears.

Two new chapters have been produced on discounted cash flows and allowing for inflation and growth.

I have received helpful comments both from my students and my colleagues at Trent Polytechnic, for which I am very grateful. I would especially like to thank my 'partner' in valuation teaching, Neil Crosby, for his assistance in the preparation of Chapter 9.

I would also like to thank Professor Ivor H. Seeley, the Series Editor, for his continued encouragement and assistance.

In the preface to the First Edition, I omitted to thank my mother for her help with proof-reading and indexing. I can now rectify this and thank her, rather belatedly!

Nottingham
Spring 1984

DAVID RICHMOND

Preface to the Third Edition

Since the Second Edition of this book was produced, the property market has suffered from the effects of a world-wide recession, which has had an influence on the pattern of yields and rents obtainable from property. I have, therefore, revised and provided new calculations and also updated the text.

Additional material has been incorporated on the Hardcore or Layer Method, Errors in Multi-Stage Leasehold Valuations and Purchasers with a Special Interest.

A new chapter has been produced on Computer Applications, and I am greatly indebted to Steven B. Tyler, my colleague at the Nottingham Trent University, for writing this chapter and also for his helpful comments.

I would also like to thank Professor Ivor H. Seeley, the Series Editor, for his continued support over many years, and Diane R. Butler for her encouragement and friendship.

I am grateful for the assistance of Andrew J. Buckley and Graham S. Parkinson, currently students at the Nottingham Trent University, for undertaking the unenviable task of checking my calculations.

Lastly, sincere thanks to Adam Fidler for typing the amendments and additions – quite an achievement for a 15-year-old!

Nottingham
Autumn 1993

DAVID RICHMOND