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David Isaac and Terry Steley

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For Daphne and Evelyn

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Preface

This book is intended as an introduction to alternative approaches to real property valuation methods. It should be made clear at the beginning that we are talking about property appraisal which involves the initial valuation of property and subsequent analysis. The book outlines the traditional valuation and a critique of the approach, but does not dwell on this. Its aim is to extend considerations of alternative approaches to valuation and analysis of property investments.

The book will be useful for a number of different groups, including students, practitioners and also those whose background is not in the property field. For the student, it extends the basic texts and updates them to allow for developments in valuation techniques. It is thus an important book for those looking to develop valuation methods at the second and third year undergraduate level and also as a basis for postgraduate work. For the practitioner, the book is not intended to be too theoretical but to show applications of the different techniques in practice; as such, it is a useful reference book, and essential for the practitioner intending to keep abreast of developments in techniques. Finally, it is useful for professionals associated with property who may not be trained surveyors; this is because the book looks outwards from the property sector and tries to relate the techniques of property appraisal to those used in other sectors by other types of professional. The approach is based on practice and learning situations and, where possible, each chapter is made to be self-contained to aid reference, and thus there is some repetition of content; however, cross-references are included where a greater amount of background to any situation is required. The treatment is intended to parallel moves within the profession to take a less insular view of property appraisal and provide solutions which are acceptable and understandable to clients and professionals from other backgrounds; it aims to take the reader into new avenues of thought and discussion rather than down a route of more complex mathematical solutions, and looks to generate ideas about concepts rather than formulae. Where formulae are included, every effort has been made to simplify them and present them in a simple and usable way.

The book has a chapter on computer applications but does not just pay lip service to relating the appraisals to computer usage. The layout of the valuations and formulae, as well as adding clarity, in many cases provides a structure from which the reader can construct a spreadsheet calculation, and the layout assists in some detail as to its arrangement.

Finally, the book aims to link the reader more readily to other areas of financial analysis. It opens up for the reader the wider role of investment and business, and provides comparisons with other business investments. This approach is important for a number of reasons: property valuation and analysis is not the exclusive domain of property valuation professionals but is shared with other surveyors, other professions involved in investment and asset management and investors, developers, landholders and corporate clients with property assets. The book aims to demystify the techniques and make them usable, in order to develop the concepts and practice of appraising property assets.

Chapter 1 is an introduction and serves as a critique of the traditional approaches to property valuation, while chapter 2 is important as an explanation of the traditional method. Readers conversant with the traditional method may choose to miss out chapter 2; conversely, those readers who may find the concepts in chapter 1 difficult initially should refer first to chapter 2.

We would like to thank Professor Ivor Seeley, the Series Editor, for his helpful advice in the preparation of this book; also Professor David Wills and staff at the School of Surveying, Thames Polytechnic for their help and support.

Thames Polytechnic
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