

ASTASPS35

Investigate and evaluate factors that impact on the value of property



Overview

This unit covers the investigation and evaluation of the range of factors that impact on the value of property, namely: economic and social factors and market trends, legal and regulatory requirements, location and environmental factors, and information obtained from property inspections and Home Condition Reports. You must be able to investigate factors that impact of the value of a broad range of properties that vary in terms of: location, age, type, construction, size and plot, and condition.

Throughout your work, you are expected to adhere to accepted standards, guidance and protocols relating to the valuation of residential properties, such as those outlined in the RICS Appraisal and Valuation Standards (the 'Red Book') and, in particular, UK Appendix 3.2 (RICS Mortgage Valuation Specification).

Element 35.1 requires you to identify investigation requirements. This means agreeing with the client any variations from the valuation requirements, obtaining any necessary permissions for access to property and data, and evaluating sources of investigation data for validity and reliability.

Element 35.2 focuses on 'macro' issues and covers the investigation of economic and social factors and market trends and the evaluation of their impact on the value of property. Economic factors include the prevailing economic climate, current mortgage industry trends and interest rate levels. Social factors include demographic trends and the employment market. Market factors include the current market for different property types, property values and building and development work.

Element 35.3 focuses on 'micro' issues and covers the investigation of legal and regulatory factors – such as tenure, occupancy, planning, environmental health and building control – and the evaluation of their impact on the value of the property in question.

Element 35.4 focuses on specific location and environmental factors – such as local economic and social factors, local facilities, amenities and services – and the evaluation of their impact on the value of the property.

Element 35.5 requires that you collate and analyse the information obtained from property inspection and the Home Condition Report, and evaluate the impact of this information on the value of property.

ASTASPS35

Investigate and evaluate factors that impact on the value of property

Performance criteria

Identify investigation requirements

- You must be able to:*
- P1 agree with the client any variations from the valuation requirements
 - P2 check that you have any necessary permissions for access to **property** and data
 - P3 identify relevant **sources** of investigation data, and evaluate them for validity and reliability
 - P4 identify whether the investigation falls within the scope of an existing contract, and promptly inform the client
 - P5 identify circumstances where additional advice and guidance is required, and recommend this promptly to the client

Investigate and evaluate economic and social factors and market trends

- You must be able to:*
- P6 investigate and analyse **economic factors** and evaluate their impact on the value of **property**
 - P7 investigate and analyse **social factors** and evaluate their impact on the value of **property**
 - P8 investigate and analyse **trends in the property market** and evaluate their impact on the value of the **property**
 - P9 assess the relevance and validity of comparable valuation data
 - P10 keep accurate and up-to-date records of your investigations and evaluation
 - P11 record clearly any assumptions you make based on your investigations and evaluation

Investigate and evaluate legal and regulatory factors

- You must be able to:*
- P12 investigate and analyse **legal and regulatory factors** and evaluate their impact on the value of the **property**
 - P13 keep accurate and up-to-date records of your investigations and evaluation
 - P14 record clearly any assumptions you make based on your investigations and evaluation

Investigate and evaluate location and environmental factors

- You must be able to:*
- P15 investigate and analyse **location and environmental factors** and evaluate their impact on the value of the **property**
 - P16 keep accurate and up-to-date records of your investigations and evaluation
 - P17 record clearly any assumptions you make based on your investigations and evaluation

ASTASPS35

Investigate and evaluate factors that impact on the value of property

Evaluate information obtained from property inspection and the Home Condition report

You must be able to:

- P18 conduct property inspection in accordance with client instructions
- P19 collate and review the information obtained from **property** inspection and the Home Condition Report
- P20 collate and review, where required, information obtained from other reports on the property
- P21 analyse the **information** obtained and evaluate the impact on the value of the **property**
- P22 make accurate records of relevant **property** measurements in accordance with accepted codes of practice
- P23 make a clear record of the reasons in cases where an inspection is limited or accurate measurement has not been possible
- P24 record clearly any assumptions you make based on your investigations and evaluation

ASTASPS35

Investigate and evaluate factors that impact on the value of property

Knowledge and understanding

You need to know and understand:

Identify investigation requirements

- K1 how to agree with the client any variations from valuation requirements
- K2 the permissions that are necessary for access to property and data, and how to confirm or obtain them
- K3 the relevant sources of investigation data, and how to evaluate them for validity and reliability
- K4 how to identify whether the investigation falls within the scope of an existing contract, and the importance of informing the client promptly
- K5 how to identify circumstances where additional advice and guidance is required, and the importance of recommending this promptly to the client

Investigate and evaluate economic and social factors and market trends

You need to know and understand:

- K6 the methodology, standards and codes of practice that apply to the valuation of residential property
- K7 the impact of current, relevant legislation on the residential property market
- K8 the range of economic factors affecting supply and demand in the residential property market
- K9 how to investigate, analyse and evaluate the impact of economic factors on the value of property
- K10 the range of social factors that could impact on the value of property
- K11 how to investigate, analyse and evaluate the impact of social factors on the value of property
- K12 trends in the property market
- K13 how to investigate, analyse and evaluate the impact of trends in the property market on the value of property
- K14 the sources of comparable valuation data
- K15 how to assess the relevance and validity of comparable valuation data
- K16 the importance of keeping accurate and up- to-date records of your investigations and evaluation
- K17 the importance of recording clearly any assumptions you make based on your investigations and evaluation

Investigate and evaluate legal and regulatory factors

You need to know and understand:

- K18 the methodology, standards and codes of practice that apply to the valuation of residential property
- K19 the range of legal and regulatory factors that could impact on the value of the property
- K20 how to investigate, analyse and evaluate the impact of legal and regulatory factors on the value of the property
- K21 the importance of keeping accurate and up- to-date records of your

ASTASPS35

Investigate and evaluate factors that impact on the value of property

investigations and analysis

- K22 the importance of recording clearly any assumptions you make based on your investigations and evaluation

Investigate and evaluate location and environmental factors

You need to know and understand:

- K23 the methodology, standards and codes of practice that apply to the valuation of residential property
- K24 the range of location and environmental factors that could impact on the value of the property
- K25 how to investigate, analyse and evaluate the impact of location and environmental factors on the value of the property
- K26 the importance of keeping accurate and up- to-date records of your investigations and analysis
- K27 the importance of recording clearly any assumptions you make based on your investigations and evaluation

Evaluate information obtained from property inspection and the Home Condition report

You need to know and understand:

- K28 how to conduct property inspections in accordance with client instructions
- K29 the additional factors, over and above those relating to condition, that must be considered when inspecting a property for the purposes of valuation
- K30 how to collate and review information obtained from property inspection, the Home Condition Report and other sources (e.g. the Home Information Pack, engineering reports, damp reports)
- K31 how to analyse and evaluate the impact of information obtained from property inspection, the Home Condition Report and other sources on the value of the property
- K32 those elements of the property which impact on value but which are not included within the Home Condition Report (e.g. swimming pool, temporary outbuildings)
- K33 the accepted codes of practice for property measurement for the purposes of valuation
- K34 how to make accurate records of relevant property measurements
- K35 the importance of recording the reasons in cases where an inspection is limited or accurate measurement has not been possible
- K36 the importance of recording clearly any assumptions you make based on your investigations and evaluation

ASTASPS35

Investigate and evaluate factors that impact on the value of property

Additional Information

Scope/range

Identify investigation requirements

1. identify the investigation requirements for a broad range of **properties** that vary in terms of:
 - 1.1. location
 - 1.2. age
 - 1.3. type
 - 1.4. construction
 - 1.5. size and plot
 - 1.6. condition
2. identify and evaluate the following **sources** of investigation data:
 - 2.1. land registry or equivalent sources
 - 2.2. local search
 - 2.3. local authority (for planning and building regulation consents)
 - 2.4. comparable evidence
 - 2.5. automated valuation models (AVMs)
 - 2.6. Home Condition Report
 - 2.7. property inspection
 - 2.8. other relevant data sources

Investigate and evaluate economic and social factors and market trends

3. investigate and evaluate factors that impact on the value of a broad range of **properties** that
 - 3.1. location
 - 3.2. age
 - 3.3. type
 - 3.4. construction
 - 3.5. size and plot
 - 3.6. condition
4. investigate, analyse and evaluate the impact of the following **economic factors**:
 - 4.1. economic climate, confidence and trends
 - 4.2. investment market and trends
 - 4.3. prevailing mortgage industry and trends
 - 4.4. typical constraints on mortgage lending
 - 4.5. interest rate levels
 - 4.6. taxation
 - 4.7. legislation
5. investigate, analyse and evaluate the impact of the following **social factors**:
 - 5.1. demographic trends
 - 5.2. employment market and trends

ASTASPS35

Investigate and evaluate factors that impact on the value of property

- 5.3. legislation
- 6. investigate, analyse and evaluate the impact of the following **trends in the property market**:
 - 6.1. current market for property type
 - 6.2. property values
 - 6.3. building and development work
 - 6.4. legislation

Investigate and evaluate legal and regulatory factors

- 7. investigate and evaluate factors that impact on the value of a broad range of **properties** that
 - 7.1. location
 - 7.2. age
 - 7.3. type
 - 7.4. construction
 - 7.5. size and plot
 - 7.6. condition
- 8. investigate, analyse and evaluate the impact of the following **legal and regulatory factors**:
 - 8.1. tenure
 - 8.2. occupancy
 - 8.3. planning
 - 8.4. building control
 - 8.5. regeneration
 - 8.6. environmental health
 - 8.7. health and safety
 - 8.8. legislation affecting valuation
 - 8.9. taxation

Investigate and evaluate location and environmental factors

- 9. investigate and evaluate factors that impact on the value of a broad range of **properties** that
 - 9.1. location
 - 9.2. age
 - 9.3. type
 - 9.4. construction
 - 9.5. size and plot
 - 9.6. condition
- 10. investigate, analyse and evaluate the impact of the following **location and environmental**
 - 10.1. local economic factors
 - 10.2. local social factors
 - 10.3. local taxation

ASTASPS35

Investigate and evaluate factors that impact on the value of property

- 10.4. local planning and development
- 10.5. local government regulations
- 10.6. local facilities, amenities and services
- 10.7. local property values
- 10.8. other location and environmental factors that materially affect value (such as flooding, mining, contamination, subsoil type)
- 10.9. the nature, use and condition of adjacent and nearby properties

Condition Report

Evaluate information obtained from property inspection and the Home Condition Report

- 11. evaluate information obtained from the inspection of a broad range of **properties** that vary in
 - 11.1. location
 - 11.2. age
 - 11.3. type
 - 11.4. construction
 - 11.5. size and plot
 - 11.6. condition
- 12. analyse the following **information** and evaluate the impact on property value:
 - 12.1. from property inspection
 - 12.2. from the Home Condition Report
 - 12.3. from other sources (such as Home Information Packs, engineering reports, damp reports)

ASTASPS35

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