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**Local Knowledge in the Valuation of Residential Property:  
Establishing the Benefit of Spatial and Sectoral Familiarity  
Through an Elucidation of Current Practice.**

**Volume 2**

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**Appendix 1.**

**List of Cases Referring to Local Knowledge.**

## Key

|       |   |
|-------|---|
| EG    | Estates Gazette   |
| EGLR  | Estates Gazette Law Reports   |
| EGCS  | Estates Gazette Case Summaries  |
| PLR   | Planning Law Reports  |
| PLSCS | Property Law Service Case Summaries (Estates Gazette Interactive Law Service) |

*Abbey National Mortgages plc v Key Surveyors Nationwide Ltd and others* [1995] EGCS 79; [1995] 40 EG 130; [1996] 33 EG 88

*Birmingham Midshires Building Society v Richard Pamplin & Co* [1997] EGCS 3

*Cameron v Nature Conservancy Council* [1992] 1 EGLR 227

*Cormack v Washbourne* [1996] EGCS 196

*Cox v White* [1976] 2 EGLR 44

*Curtis v Chairman of the London Rent Assessment Committee and others* [1998] 1 EGLR 79

*Ezekiel and another v McDade and others* [1994] 1 EGLR 255

*Gibbs and another v Arnold Son and Hockley* [1989] 45 EG 156

*Hall v H B Howlett & Partners Ltd and others* [1976] 1 EGLR 35

*Hallows v Welsh Office* [1995] 1 EGLR 191

*Hatchway Properties Ltd v Cherry Bond & Co* [1983] 1 EGLR 27

*Henley v Cloke & Sons* [1991] 2 EGLR 141

*Hillard and another v Gwent County Council* [1992] 2 EGLR 204

*Inntrepreneur Estates (CPC) Ltd v Worth and another* [1996] 1 EGLR 84

*Kenney v Hall, Pain & Foster* [1976] 2 EGLR 29

*Kensington and Chelsea Royal London Borough Council v Secretary of State for the Environment and another* [1997] PLSCS 250

*King and others v Dorset County Council* [1997] 1 EGLR 245

*Lansdowne Rodway Estates Ltd v Potown Ltd and others* [1984] 2 EGLR 80

*Lyons and another v F W Booth (Contractors) Ltd and Maidstone Borough Council* [1982] 1 EGLR 147

*MAES ECP No 1 plc v Stimson* [1995] EGCS 90

*Matto v Rodney Broom Associates* [1994] 2 EGLR 163

*Mullen v Hackney London Borough Council* [1996] EGCS 162

*R v Epping Forest District Council, ex parte Strandmill Ltd* [1989] 3 PLR 94

*R v Secretary of State for the Environment and another, ex parte Kirkstall Valley Campaign Ltd* [1997] 1 PLR 8

*Scarlett v Halcrow Ltd* [1995] 1 EGLR 219

*Scotlife Homeloans (No 2) Ltd v Kenneth James and Co.* [1995] EGCS 70

*Singer & Friedlander Ltd v John D Wood & Co* [1977] 2 EGLR 84

*Solent Pines Residents Association Ltd v Campbell and another* [1996] 1 EGLR 213

*Syrett v Carr & Neave* [1990] 2 EGLR 161

*Tagro v Cafane and another* [1991] 1 EGLR 279

*Walton's Exors v Commissioners of Inland Revenue* [1994] 2 EGLR 217; [1996] 1 EGLR 159

*Woking Borough Council v Bystram* [1993] EGCS 208

**Appendix 2.**

**Synopsis of Birmingham Midshires Building Society Case.**

The following is based upon the transcript of the above case heard on 11<sup>th</sup> January 1996 in the Queen's Bench Division, taken from Lexis.

The case revolved around a mortgage valuation made by Richard Pamplin in January 1989 of 127 Goldhurst Terrace, South Hampstead. A sale had been agreed for £210,000, and a mortgage of £168,000 sought from Birmingham Midshires, who in turn instructed Mr Pamplin to provide a valuation, which he duly did to the value of £205,000. The contention made in the case was that the valuation by Mr Pamplin was too high, and he had been negligent in providing this valuation.

Mr Pamplin was a valuer based in Rickmansworth, and occasionally valued in the South Hampstead area, and so had some familiarity of the area from doing some 2 valuations there a month.

In the current case Mr Pamplin spent around an hour inspecting the property and formed his valuation on returning to the office. The subject property was a three-bedroom maisonette on the second and third floors with a reception room and rooftop terrace. The frontage to the property was around thirty feet.

As he was not aware of specific contacts, he drew at random, four agents from the Chartered Surveyors Directory, and made contact with them with regards to obtaining sales evidence. As a consequence he was provided the following pieces of information:

1. Arnold Martin advised him that a good two-bedroom conversion was selling nearby for £150,00-£160,000.
2. Ellis & Co. advised him that a similar conversion (not new) sold for £200,000.
3. Ernest owes & Williams stated that a similar property in Greencroft Gardens had an offer of between £200,000 to £210,000, and that a good quality property in Goldhurst Crescent would sell for under £200,000.
4. Channings advised that a three-bedroom property with two bathrooms in Aberdare Gardens would sell for around £225,000.

Based on the evidence and his own view that the area was much of a muchness, he provided a valuation of £205,000.



The claim was that the valuation was negligent, but that Mr Pamplin was also negligent in carrying out the valuation, with particular attention to the market analysis.

In deciding on the initial question as to whether Mr Pamplin was negligent it emerged that he was not particularly familiar with the area, and that insufficient enquiries had been made with regard to obtaining evidence. One expert questioned, stated that he would have sought a more representative list of transactions from other agents, and been satisfied in obtaining evidence of a sale, or at least a binding sale of agreement. Indeed on the basis of the evidence Mr Pamplin obtained, the experts agreed that additional evidence should have been sought. It was further stated that Mr Pamplin's lack of familiarity in the area did not give him sufficient knowledge to weigh up the evidence provided to him. In the current case he did not even note agents boards when inspecting the subject property.

In deciding on the first ground of negligence it was held that where a valuer lacks detailed knowledge of an area, and is ignorant of the principle agents operating in the area, he or she should take sufficient steps to ascertain any cause of variations in prices within the area and take steps to make contact with one or more of the principle agents operating in the area. Mr Pamplin had done neither of these. Furthermore, he failed to view the area after obtaining the evidence and was not conversant with the streets in the area to weigh up the evidence before him.

On this basis it was held that Mr Pamplin had been negligent. In this respect the next question to be decided upon, was, what was valuation on the date, and secondly what bracket was allowed.

In deciding upon the value, 84 Greencroft Gardens was considered by both experts to be the best comparable. It was a front maisonette on the 2<sup>nd</sup> and 3<sup>rd</sup> floors, sold in November 1988 for £190,000, comprising 3 bedrooms, 2 reception rooms, a bathroom (no en-suite shower), and separate WC (capable of conversion). The property was larger overall, even accounting for the extra reception room, i.e. 820 sq. ft v 551 sq. ft, a difference of 269 sq. ft. Indeed in reviewing the measurements it emerged that Mr Pamplin had over measured the subject property by some 148 sq. ft.

In reflecting on this evidence one expert considered the subject property to have a better value of £10,000 largely due to the roof terrace, which was a major point in the case. The other expert considered the size to be of importance, and allowing for the poorer location, decided upon a £50,000 reduction in value. Overall it was concluded that the extra space in the comparable would create a significant increase in value.

Indeed from the evidence three main determining factors arose in regard to adjusting the comparable, namely:

1. The roof terrace (+ £10,000)
2. The poorer location
3. The size and condition

Beyond this comparable, details of 192 Goldhurst Crescent were also provided, which was a two bedroom property with one reception room, which sold for £120,000 in September 1988. On the basis of this evidence, a value in excess of £190,000 could not be supported, except for the case of an exceptional feature. The roof terrace was not considered to be an exceptional feature.

It was stated that had the valuer obtained details of the sale of 192, some reflection could have been made with regard to the evidence that two bed conversions might sell for £150,000 to £160,000, which Mr Pamplin had obtained from Arnold Martin.

After the 4<sup>th</sup> January a rear maisonette at 84 Greencroft Gardens (three bedrooms and two reception rooms) sold for £187,500. On this basis a valuation in excess of £190,000 could not be supported. Also, 44 Greencroft Gardens (3 bedrooms, two reception rooms and in poorer condition) sold for £152,000.

Taking the main comparable of 84 Greencroft Gardens to be worth £35,000 more than 127 Goldhurst Terrace, and allowing £10,000 for the roof terrace, 127 Goldhurst Terrace was determined to be worth £165,000 on the 4<sup>th</sup> January 1989, not the £205,000 put forward by Mr Pamplin.

Given the availability of evidence it was decided to apply an 11% margin of error, on which basis the highest non-negligent valuation was £183,150. Consequently the valuation was held negligent and the case given in favour of Birmingham Midshires Building Society.

Having reviewed the case the following issues emerge as being important with regard to valuing in unfamiliar areas:

1. Valuer should drive around the area and note the boards of the agents operating the area, and make contact with these.
2. Steps should be taken to assess the information provided; especially making sure knowledge of the individual streets is acquired.

3. Details of actual sales should be gained, and steps should be made to verify sales evidence provided.

Overall, valuers should:

1. Not pick agents at random from the Chartered Surveyors Directory.
2. Ensure they are familiar with an area, two valuations per month does not make you familiar.

There is however another issue, which the case did not raise, and that revolves around the appointments of valuers. In the case, Birmingham Midshires had appointed Mr Pamplin, in doing so they should ensure they have sufficient checks in place to ensure his suitability in valuing in such cases. The valuation was in an area some 15 miles from where the valuer was based, i.e. the valuer based on the edge of the M25 valued in North West (Central) London. Whilst today it is suggested that panel valuers work in a 25 mile radius, evidence also suggests that to go further than 10 miles away in London can be dangerous due to the level and variation in values. Perhaps this case comes within this category, and that Birmingham Midshires should have been more prudent in appointing the valuer. Clearly further evidence on the case and Mr Pamplin's appointment is required to make any strong conclusions on this issue.

The other issue is that of the sale price, which was agreed at £210,000. If evidence suggested a valuation of only £168,000, why was a sale agreed at £210,000? Was there a particular reason behind this bid? Furthermore, was Mr Pamplin aware of this sale price, and in which case was this an influencing factor in the valuation as research suggests, perhaps in relation to the selection of evidence. It would seem to be the case, i.e. one could deduce in knowing that a sale of £210,000 was agreed and evidence from four agents appears to verify that this is a reasonable price. Having obtained the evidence from four agents there is sufficient comfort to stop obtaining more evidence.

The case raises particular valid issues, but there are also other issues, as pointed out, which need further investigation, but which is not possible on the evidence available.

**Appendix 3.**

**Attributes Recorded By the Literature  
Which Impact on the Valuation Process.**

| ATTRIBUTES | FREQUENCY |
|------------|-----------|
|------------|-----------|

|                         |
|-------------------------|
| <b>Property Related</b> |
|-------------------------|

| <b>Property &gt; Rooms</b> |    |
|----------------------------|----|
| Area of bedrooms           | 1  |
| Area of kitchen            | 1  |
| Balcony                    | 1  |
| Family Room                | 1  |
| Inside Toilet              | 1  |
| Modern Bathroom            | 1  |
| Number of dining rooms     | 1  |
| Position of bathroom       | 1  |
| Shape of rooms             | 1  |
| Store room                 | 1  |
| Area of reception rooms    | 2  |
| En-suite bedroom           | 2  |
| Number of reception rooms  | 3  |
| Extensions                 | 3  |
| Porch                      | 3  |
| Modern kitchen             | 4  |
| Number of Living Rooms     | 5  |
| Storey height              | 8  |
| Size of house              | 11 |
| Total number of rooms      | 13 |
| Number of bedrooms         | 16 |
| Floor area                 | 19 |
| Number of bathrooms        | 21 |

| <b>Property &gt; Walls</b> |   |
|----------------------------|---|
| Walls                      | 1 |
| Insulation                 | 5 |

| <b>Property &gt; Roof</b> |   |
|---------------------------|---|
| Roof extension            | 1 |
| Roofs                     | 4 |

| <b>Property &gt; Floors</b> |   |
|-----------------------------|---|
| Floors                      | 2 |

| <b>Property &gt; Voids</b> |   |
|----------------------------|---|
| Attics                     | 3 |
| Basement                   | 4 |

| <b>Property &gt; Services</b> |   |
|-------------------------------|---|
| Ventilation                   | 1 |
| Energy efficiency             | 2 |
| Gas                           | 2 |
| Heating costs                 | 2 |
| Services (type of connection) | 2 |
| 2 x Telephone lines           | 2 |
| Drainage/sewers               | 3 |
| Water supply                  | 3 |

|                  |    |
|------------------|----|
| Air conditioning | 4  |
| Electricity      | 4  |
| Central heating  | 19 |

|                                 |    |
|---------------------------------|----|
| <b>Property &gt; Defects</b>    |    |
| DPC                             | 1  |
| Dry Rot                         | 1  |
| Foundations                     | 1  |
| Health & safety Regulations     | 1  |
| Load bearing capacity of ground | 1  |
| NHBC Guarantee                  | 1  |
| Rising damp                     | 1  |
| Subsidence                      | 2  |
| Condition/state of repair       | 21 |

|                           |    |
|---------------------------|----|
| <b>Property &gt; Plot</b> |    |
| Corner plot               | 1  |
| Depth of lot              | 1  |
| Outbuildings              | 1  |
| Patio                     | 1  |
| Road frontage             | 1  |
| Veranda                   | 1  |
| Landscaping               | 2  |
| Shape of site             | 2  |
| Situation of property     | 2  |
| Length of plot frontage   | 3  |
| Aspect                    | 4  |
| On-site parking           | 5  |
| Good garden               | 6  |
| Plot size                 | 17 |
| Number of garages         | 25 |

|                            |   |
|----------------------------|---|
| <b>Property &gt; Legal</b> |   |
| Restrictive covenants      | 2 |
| Legal title                | 3 |
| Statutory factors          | 3 |
| Planning control           | 7 |

|                              |    |
|------------------------------|----|
| <b>Property &gt; General</b> |    |
| Attractiveness               | 1  |
| Building method              | 1  |
| Durability                   | 1  |
| Ease of maintenance          | 1  |
| Potential                    | 1  |
| Improvements                 | 1  |
| lack of larder               | 1  |
| Subsoil type                 | 1  |
| Swimming pools               | 4  |
| Density of buildings         | 5  |
| Log fire                     | 6  |
| Structural type              | 6  |
| Design / style               | 7  |
| Double glazing               | 7  |
| Tenure                       | 11 |

|               |    |
|---------------|----|
| Property type | 21 |
| Age           | 23 |

|                 |
|-----------------|
| <b>LOCATION</b> |
|-----------------|

|                                |   |
|--------------------------------|---|
| <b>Location &gt; Transport</b> |   |
| Proximity to bus stop          | 1 |
| Current communications         | 2 |
| Proximity to busy roads        | 2 |
| Travel costs                   | 2 |
| Type of road (e.g. cul-de-sac) | 3 |
| Proximity to transport         | 6 |
| Proposed communications        | 6 |

|                                |   |
|--------------------------------|---|
| <b>Location &gt; Amenities</b> |   |
| Street lighting                | 1 |
| Distance to university         | 1 |
| Proximity to church            | 1 |
| Proximity to shops             | 4 |
| Proximity to local amenities   | 7 |
| Proximity to open space        | 7 |
| Accessibility to schools       | 9 |

|                             |    |
|-----------------------------|----|
| <b>Location &gt; Work</b>   |    |
| Distance to workplace       | 2  |
| ease to get to work         | 2  |
| Travel time to CBD          | 2  |
| Distance to City centre/CBD | 12 |

|                                  |    |
|----------------------------------|----|
| <b>Location &gt; General</b>     |    |
| Proximity to transmission lines  | 1  |
| Public housing                   | 1  |
| Degree of privacy                | 1  |
| Presence of rivers               | 1  |
| Proximity to poor users          | 2  |
| Green belt                       | 2  |
| Proximity to nuclear power plant | 2  |
| Access to site/property          | 3  |
| Views                            | 5  |
| Postal district                  | 10 |

|                    |
|--------------------|
| <b>ENVIRONMENT</b> |
|--------------------|

|                                  |   |
|----------------------------------|---|
| <b>Environment &gt; Exposure</b> |   |
| Climate                          | 1 |
| Exposure                         | 1 |
| Latitude                         | 1 |
| Length of seasons                | 1 |
| Liability to flooding            | 2 |
| Topography                       | 4 |

|                               |   |
|-------------------------------|---|
| <b>Environment &gt; Noise</b> |   |
| Traffic noise                 | 1 |

|                |   |
|----------------|---|
| Aircraft noise | 2 |
|----------------|---|

|                                 |   |
|---------------------------------|---|
| <b>Environment &gt; General</b> |   |
| Type of neighbouring property   | 1 |
| Non residential uses            | 1 |
| Tree coverage                   | 1 |
| Condition of area               | 2 |
| ACORN variable                  | 3 |
| Attractiveness of area          | 4 |
| Air pollution index             | 4 |
| Security from crime             | 4 |
| Quality of environment          | 8 |

|                 |
|-----------------|
| <b>ECONOMIC</b> |
|-----------------|

|                                      |   |
|--------------------------------------|---|
| <b>Economic &gt; Property Market</b> |   |
| Absence of chain                     | 1 |
| Building costs                       | 1 |
| Developments under construction      | 1 |
| Level of repossessions               | 1 |
| Negative equity                      | 1 |
| Proposed developments                | 1 |
| Rental levels                        | 1 |
| Stock of similar property            | 1 |
| Supply of land                       | 1 |
| time on market                       | 1 |
| Number of first time buyers          | 1 |
| Cost of moving                       | 3 |
| Availability of dwellings            | 4 |

|  |   |
|--|---|
| <b>Economic &gt; National Government</b> |   |
| Government aid                           | 1 |
| Inflation                                | 1 |
| Monetary policy                          | 1 |
| Money supply                             | 1 |
| Public housing expenditure               | 1 |
| State intervention                       | 1 |
| General state of economy                 | 2 |
| Mortgage subsidy                         | 4 |
| Taxation policy                          | 6 |

|                                       |   |
|---------------------------------------|---|
| <b>Economic &gt; Local Government</b> |   |
| Public services                       | 1 |
| Council tax                           | 2 |
| Hierarchy of town                     | 2 |

|                                |   |
|--------------------------------|---|
| <b>Economic &gt; Financial</b> |   |
| Financial concessions          | 1 |
| Liquidity of assets            | 1 |
| Sources of finance             | 1 |
| Cost of borrowing              | 4 |
| Interest rates                 | 4 |
| Level of mortgage funds        | 8 |



|                                      |    |
|--------------------------------------|----|
| <b>Economic &gt; Personal wealth</b> |    |
| Car ownership                        | 1  |
| Social class                         | 1  |
| Personal savings                     | 1  |
| Socio-economic index                 | 4  |
| Family income                        | 12 |

|                                 |   |
|---------------------------------|---|
| <b>Economic &gt; Employment</b> |   |
| Economic base                   | 1 |
| Employment opportunities        | 1 |
| Accessibility to employment     | 1 |
| Principal employment            | 2 |
| Unemployment                    | 3 |

|                              |    |
|------------------------------|----|
| <b>Economic &gt; General</b> |    |
| International situation      | 1  |
| Road charge liability        | 1  |
| New technology               | 2  |
| Prospects for area           | 2  |
| Prospects for town           | 2  |
| State of local industry      | 3  |
| Schooling achievement        | 3  |
| Date of valuation            | 11 |

|                       |
|-----------------------|
| <b>SOCIO-ECONOMIC</b> |
|-----------------------|

|                                       |   |
|---------------------------------------|---|
| <b>Socio-economic &gt; Population</b> |   |
| Household formation                   | 1 |
| Immigration                           | 1 |
| Marriage/Divorce rates                | 1 |
| Religious composition                 | 1 |
| School:population ratio               | 1 |
| Birth/Death rates                     | 2 |
| Economically active                   | 2 |
| Demographic transition                | 4 |
| Population density                    | 4 |
| Proportion whites/Black               | 5 |

**Appendix 4.**

**Main Questionnaire (Welsh Practices).**

## Local Knowledge Questionnaire

1a. How long have you been at your current practice?: \_\_\_\_\_ years

1b. Where is your practice located? \_\_\_\_\_ (town/city)

1c. Please indicate on the attached map the area which your practice serves.

2. If you have practised elsewhere, please state where the practice was located:

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3. Are there other valuers besides yourself in your practice:

Yes  (go to 3.1)      No  (go to 4)

3.1. If yes:

(a) How many: \_\_\_\_\_

(b) How do you divide the work in the area between practitioners? (Please explain).

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4. In terms of your knowledge of the area, how important are the following factors in your ability to provide more accurate valuations/ better advice against valuers from outside of your area?

### Level of Importance

|  | Important                | Indifferent              |                          |                          | Not important            |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 5                        | 4                        | 3                        | 2                        | 1                        |
| Have a database of property values               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of demand for property                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know neighbourhoods and facilities               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know of variations in prices between sub-areas   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know local house price movements                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of local geological influences             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of current plans and developments          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of local schooling                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of poor users and contamination            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of anticipated closures                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of financial incentives                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Established contact with "local" agents/ valuers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (Please specify)                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. Why do you practice in the area specified in Question 1c, and not a larger, or even smaller area?

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6. If you were called to value a property outside your area, would you do so?

Yes  (go to 6.1)    No  (go to 6.2)

6.1. If yes, what factors would be important in making this decision, and what would you do differently to valuing a property in your own locality?

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6.2. If No, why?

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7. What information do you monitor in your area, and how important is this in regard to your knowledge of the area you work in?

| Information Monitored          | Information Monitored    |                          | Level of Importance      |                          |                          |                          |                          |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                | Yes                      | No                       | Important                | Indifferent              |                          | Not Important            |                          |
|                                |                          |                          | 5                        | 4                        | 3                        | 2                        | 1                        |
| Own valuation records          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other practitioners' records   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| House price indices            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Local press                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other agents' (estate) details | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Market levels and activity:    |                          |                          |                          |                          |                          |                          |                          |
| - In House                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| - External sources             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Economic data                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Inward investment              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Planning Proposals             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Demographic Data               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Geological data                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Nuisances                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Achieved prices                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Professional journals          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (please specify)         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                | <input type="checkbox"/> |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                | <input type="checkbox"/> |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

8. How long do you feel it takes to get to know an area well in order to provide a competent valuation?

\_\_\_\_\_ years \_\_\_\_\_ months \_\_\_\_\_ weeks

9. How much did your professional education (e.g. degree/ RICS exams) contribute to (a) your professional practice, and (b) your local knowledge? (tick one box for each only).

|            | (a) Professional practice | (b) Local knowledge      |
|------------|---------------------------|--------------------------|
| 0% - 25%   | <input type="checkbox"/>  | <input type="checkbox"/> |
| 25% - 50%  | <input type="checkbox"/>  | <input type="checkbox"/> |
| 50% - 75%  | <input type="checkbox"/>  | <input type="checkbox"/> |
| 75% - 100% | <input type="checkbox"/>  | <input type="checkbox"/> |

10. How did you acquire your professional knowledge?

|  |      |
|--|------|
| Professional education (e.g. degree, professional exams) | %    |
| Pre-qualification (on-the-job) experience                |      |
| Post-qualification (on-the-job) experience               |      |
| Continual Professional Development                       |      |
| Total (%)  | 100% |

11. Do you feel that a degree should be more focused on practice requirements, and why?

Yes  No

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12. Do you think there is sufficient guidance on what having "sufficient knowledge of an area" means?

Yes  No

13. In your view, what does local knowledge mean?

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14. If you would like to add any further comments relating to the questionnaire, please feel free to add them in the space below.

**THANK YOU FOR YOUR COOPERATION**

**Appendix 5.**

**Main Questionnaire (English Practices).**

## Local Knowledge Questionnaire

1a. How long have you been at your current practice?: \_\_\_\_\_ years

1b. Where is your practice located? \_\_\_\_\_ (town/city)

2. If you have practised elsewhere, please state where the practice was located:

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3. Are there other valuers besides yourself in your practice:

Yes  (go to 3.1)      No  (go to 4)

3.1. If yes:

(a) How many: \_\_\_\_\_

(b) How do you divide the work in the area between practitioners? (Please explain).

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4. In terms of your knowledge of the area, how important are the following factors in your ability to provide more accurate valuations/ better advice against valuers from outside of your area?

### Level of Importance

|  | Important                | Indifferent              |                          |                          | Not Important            |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 5                        | 4                        | 3                        | 2                        | 1                        |
| Have a database of property values               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of demand for property                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know neighbourhoods and facilities               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know of variations in prices between sub-areas   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Know local house price movements                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of local geological influences             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of current plans and developments          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of local schooling                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of poor users and contamination            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of anticipated closures                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Aware of financial incentives                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Established contact with "local" agents/ valuers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (Please specify)                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5. Why do you practice in the area specified and not a larger, or even smaller area?

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6. If you were called to value a property outside your area, would you do so?

Yes  (go to 6.1)      No  (go to 6.2)

6.1. If yes, what factors would be important in making this decision, and what would you do differently to valuing a property in your own locality?

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6.2. If No, why?

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7. What information do you monitor in your area, and how important is this in regard to your knowledge of the area you work in?

| Information Monitored          | Information Monitored    |                          | Level of Importance      |                          |                          |                          |                          |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                | Yes                      | No                       | Important                | Indifferent              |                          | Not Important            |                          |
|                                |                          |                          | 5                        | 4                        | 3                        | 2                        | 1                        |
| Own valuation records          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other practitioners' records   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| House price indices            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Local press                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other agents' (estate) details | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Market levels and activity:    |                          |                          |                          |                          |                          |                          |                          |
| - In House                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| - External sources             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Economic data                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Inward investment              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Planning Proposals             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Demographic Data               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Geological data                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Nuisances                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Achieved prices                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Professional journals          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other (please specify)         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                | <input type="checkbox"/> |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|                                | <input type="checkbox"/> |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



8. How long do you feel it takes to get to know an area well in order to provide a competent valuation?

\_\_\_\_\_ years \_\_\_\_\_ months \_\_\_\_\_ weeks

9. How much did your professional education (e.g. degree/ RICS exams) contribute to (a) your professional practice, and (b) your local knowledge? (tick one box for each only).

|            | (a) Professional practice | (b) Local knowledge      |
|------------|---------------------------|--------------------------|
| 0% - 25%   | <input type="checkbox"/>  | <input type="checkbox"/> |
| 25% - 50%  | <input type="checkbox"/>  | <input type="checkbox"/> |
| 50% - 75%  | <input type="checkbox"/>  | <input type="checkbox"/> |
| 75% - 100% | <input type="checkbox"/>  | <input type="checkbox"/> |

10. How did you acquire your professional knowledge?

|  |      |
|--|------|
| Professional education (e.g. degree, professional exams) |      |
| Pre-qualification (on-the-job) experience                |      |
| Post-qualification (on-the-job) experience               |      |
| Continual Professional Development                       |      |
| Total (%)  | 100% |

11. Do you feel that a degree should be more focused on practice requirements, and why?

Yes  No

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---

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12. Do you think there is sufficient guidance on what having "sufficient knowledge of an area" means?

Yes  No

13. In your view, what does local knowledge mean?

---

---

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14. If you would like to add any further comments relating to the questionnaire, please feel free to add them in the space below.

**THANK YOU FOR YOUR COOPERATION**

**Appendix 6.**

**Details Provided for Main Study**

## **Residential Valuation Study**

### **Problem statement**

You have been engaged by a mortgage lender to provide an open market valuation in respect of a further advance of 6 Pencoed Avenue, The Common, Pontypridd, Mid Glamorgan. The assumed date of valuation is 20<sup>th</sup> August 1998. All the evidence provided reflects this.

All the necessary information that you will require to provide an opinion of the property's open market value will be provided as and when required. The valuation will proceed in the following manner:

- You will find attached the details of the property you are required to value.
- Prior to the valuation you will be taken to view the subject property from the outside and its environs. During this visit you can make any notes you wish.
- Following the site visit you will be shown a video inspection of the subject property during which you can make any notes you require.
- Additional still photographs of the subject property and its environs are available.

After viewing the inspection, and using the notes you have made and the information provided, you will be required to provide your estimate of the subject property's open market value. A list will be provided after the video of comparable properties and details of a number of properties currently available on the market, collected from agents in the area.

## **Property Particulars**



**6 Pencoed Avenue**

**The Common Pontypridd**

**General**

The property is a greatly improved four bedroom semi-detached property, located in a popular area of Pontypridd.

The house has undergone a number of improvements in recent years including a luxury kitchen/ breakfast room, a luxury bathroom suite, and most windows are Anglian double glazed.

The property is decorated throughout, and benefits a damp proof course. The property has also been re-wired.

**Condition Statement**

With regard to the structure of the property it is to be assumed that there is no evidence of any structural movement to the roofs, walls and floors of the property, and that the property is of sound structural condition. Similarly there are no defects to the doors or windows.

It is assumed that the services connected to the property i.e. gas, water, electricity, drainage, central heating and alarm are in working order.

**Statement of Value**

The owner estimates that the property's value is £87,500.

The property is now described in more detail with approximate room sizes.

## Ground Floor

Wood panel front entrance door, leading to;

**Entrance hall:** Ceiling cornice, feature double-glazed Georgian style side panels, double radiator, original stair balustrade, wood block floor, understairs storage space.

**Lounge:** (15'4" x 10'7"). Feature living flame coal effect gas fire set in marble surround and hearth with timber ADAM style surround. Double-glazed bay window to front. Ceiling cornice, picture rail, radiator.

**Dining Room/  
Front Study:** (15'6" x 10'7"). Double-glazed bay window to front. Picture rail, ceiling cornice, radiator. Feature fire place with ADAM style surround.

## Kitchen/

**Breakfast Room:** (22'10" x 10'0"). Fitted with a range of antique pine (waxed front) fronted units comprising inset single drainer with one and a half bowl pre-formed sink unit with mixer tap over and cupboard under. Range of roll edged work surfaces with matching base and eye level wall units. Inset gas hob with oven under and integral filter hood over. Fitted with wine rack, integral fridge and freezer, concealed lighting under eye level wall units, textured and coved ceiling with strip spotlights. Digital programmer for heating and water system. Two double-glazed window to rear. Part glazed door to outside.

Fitted breakfast bar with leaded display cabinets over, complementary ceramic tiled splash backs. Door giving access to utility area with gas boiler supplying domestic hot water and central heating. Window to side aspect.

Dining area with radiator, textured and coved ceiling. Sash window to rear.

## First Floor

**Landing:** A light and airy landing with radiator, double-glazed window to front aspect.

**Bedroom 1:** (12'0" x 10'8"). Double-glazed window to front with open views. Radiator, picture rail.

**Bedroom 2:** (12'0" x 10'8"). Double-glazed window to front with views. Picture rail, radiator, fitted Victorian style fireplace with basket and ornate ceramic tiled inset.

**Bedroom 3:** (10'8" x 10'0"). Sash window to rear with views, radiator. Victorian styled fireplace with basket.

**Bedroom 4:** (10'0" x 9'9"). Sash window to rear with views, radiator. Access to loft space, pine dado rail, fitted airing cupboard housing insulated cylinder with shelving.

**Bathroom:** Victorian style bathroom suite comprising; pine panel bath with gold plated taps and handrails low level flushing suite, pedestal wash hand basin, with matching furniture. Fitted 'Triton T80' shower over bath with glass shower screen, complementary ceramic tiled splash backs, extractor fan, radiator, textured ceiling.

**Outside:** To the front of the property there is a walled garden with mature hedging, pathway giving access to the front and side of the property and the garden itself is mainly laid to lawn with flower and shrub beds.

To the rear of the property is a built in store shed with steps up to a concrete slab patio with shingle border, the patio itself is walled and there are steps up to a lawn with further patio area.

The garden itself is enclosed by a stone wall with an added timber fence to the rear aspect and has views across the mountainside to the rear.

**Note:** The property also benefits from a fitted security system.

Parking is on street.



Front elevation: 6 Pencoed Avenue



6 Pencoed Avenue: Front garden





Pencoed Avenue: View looking North



Pencoed Avenue: View looking South



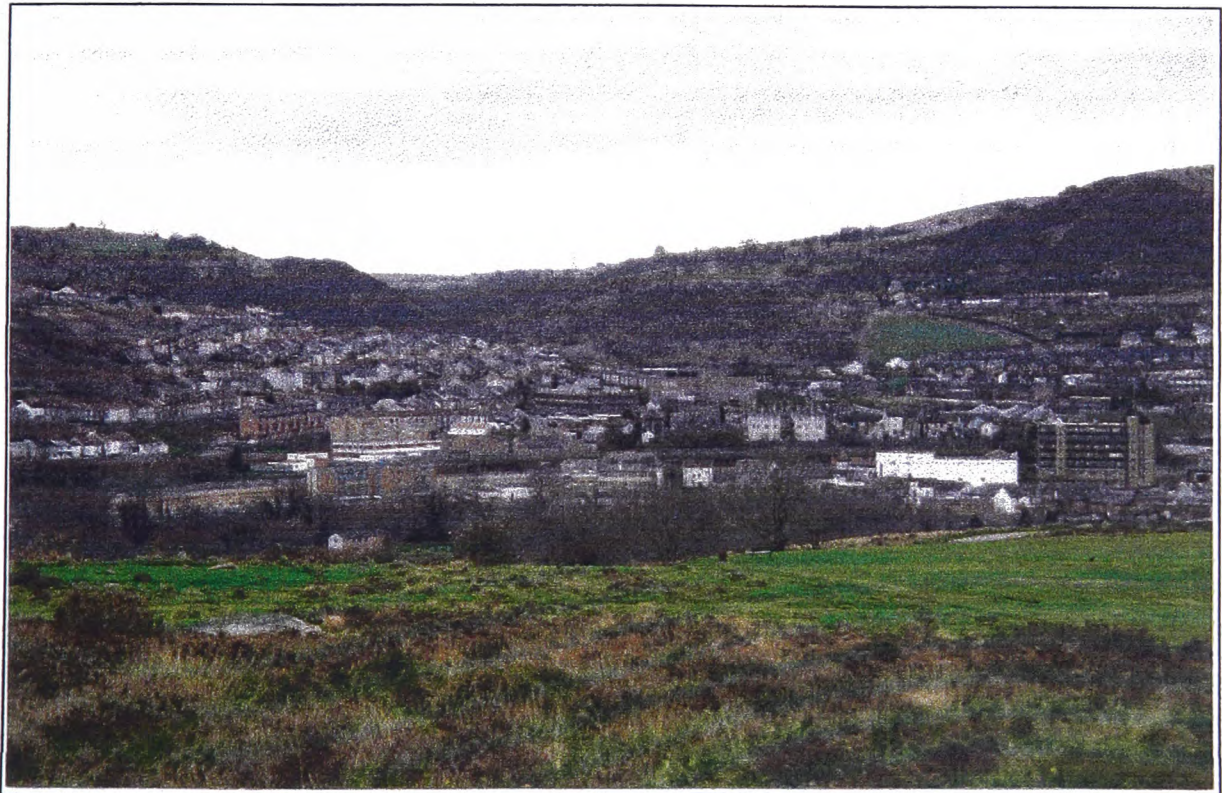
6 Pencoed Avenue: View from front garden



6 Pencoed Avenue: View from front garden



View from the Common - Towards University of Glamorgan



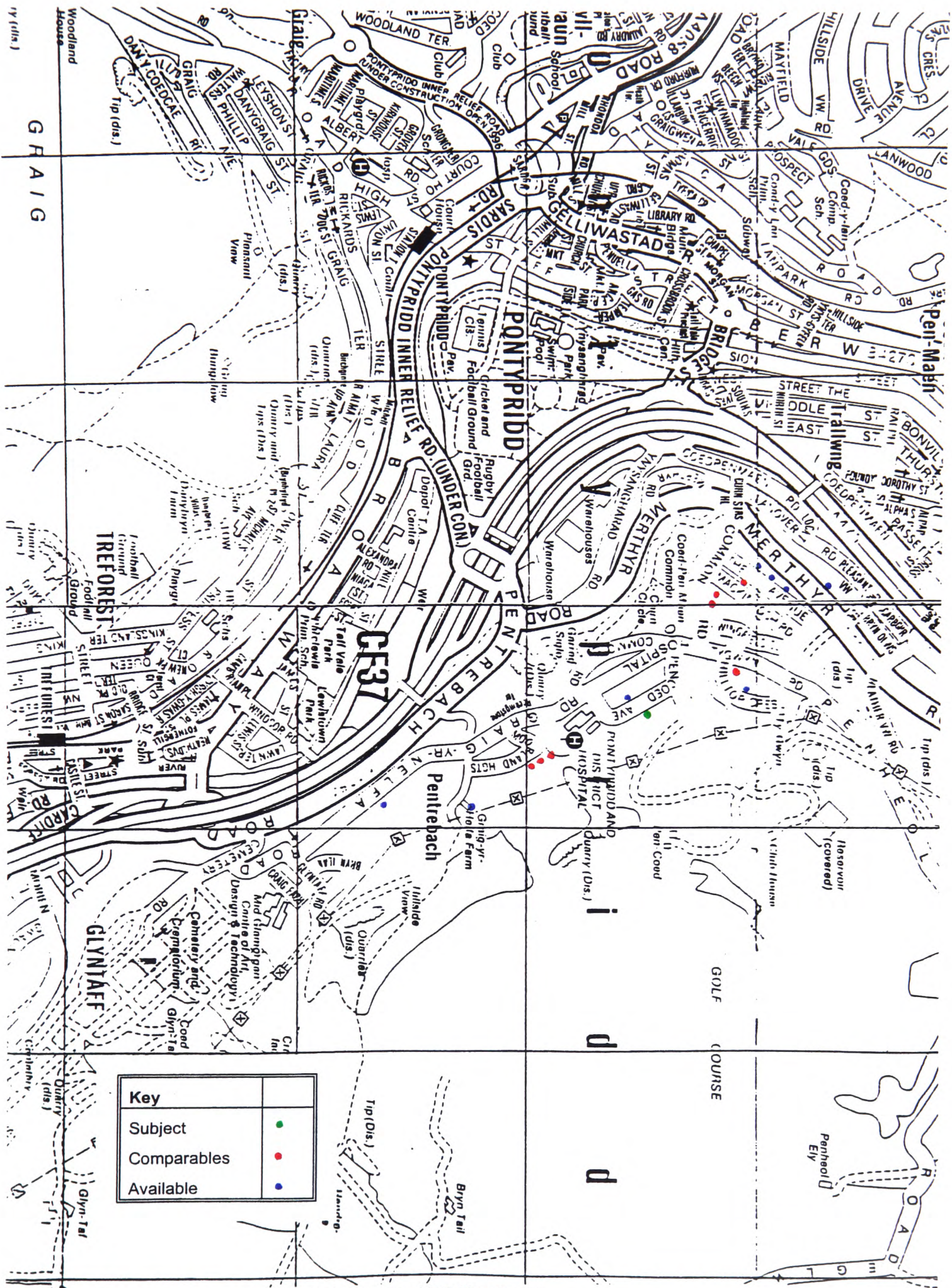
View from The Common towards Pontypridd town centre



View from The Common towards The Monument



View from The Common towards Pencoed Avenue



| Key         |   |
|-------------|---|
| Subject     | ● |
| Comparables | ● |
| Available   | ● |

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CEF

## COMPARABLES

Further details area available for properties with a "\*"

### Past month

- \* **1 Ty Gwyn Road, The Common.** Sale price not disclosed. On market at £96,000. 6 bedroom semi, lounge, dining room, kitchen, utility room, cloak room, 2 bathrooms (1 sep WC), garden (front & rear), GCH, part double glazed, double length garage. On 3 floors.

### Past two months

- \* **8 Common Road, The Common.** Sold for £51,000. On market at £52,950. (previously £53,500 and £57,000). 3 bed terrace, lounge, sitting room, kitchen, bathroom, rear lobby, GCH, double glazing, rear garden, parking to rear.
- \* **10 Common Road, The Common.** Sold for £51,000. On market at £51,000. 3 bed end terrace, lounge, dining room, kitchen, bathroom, GCH, double glazing, garage, garden to rear.
- \* **32 Moorland Heights, The Common.** Sale price not disclosed, on market at £47,850. 2 bed semi bungalow, lounge, kitchen, bathroom, corner location, GCH, garden (front & rear).
- \* **30 Moorland Heights, The Common.** Sale price not disclosed, on market at £55,000. 2 bed semi bungalow, lounge, kitchen, bathroom, utility area, GCH, parking space, garden (front & rear).
- \* **Rockingstone Cottages, The Common.** Sale price not disclosed, on market at £129,950. 2 bed det house, 70's design. Lounge, dining room, kitchen, utility area, bathroom, one bedroom with sep dressing room, GCH, garden (front & rear) garage.

## **Past 6 months**

***Mackintosh Road, The Common.*** £60,000.

4 bed terrace, 2 reception rooms, kitchen, bathroom, lower ground utility area, UPVC double glazing, GCH.

***Rockinstone Terrace, The Common,*** £70,000.

3 bed split terrace. Kitchen, bathroom, reception room.

**\* *Plas-y-Fedwen, Coed-Y-Cwm,*** £57,500.

4 bed semi, 2 reception rooms, kitchen, bathroom, security system, integral garage, GCH.

### Properties Available in Pontypridd

| N° | Street | Type | Asking Price (£) | Agent | Other info |
|----|--------|------|------------------|-------|------------|
|----|--------|------|------------------|-------|------------|

|    |                             |              |        |         |                                  |
|----|-----------------------------|--------------|--------|---------|----------------------------------|
|    | The Avenue (The Common)     |              | 56,950 | Halifax |                                  |
| 23 | Dynea Close (Rhydyclifelin) | 3/4 bed semi | 64,950 | Halifax |                                  |
| 69 | Merthyr Road (Pontypridd)   | 4 bed semi   | 65,995 | Halifax | Was £68,500, offer in for 64,000 |

|    |                                  |            |         |                     |                       |
|----|----------------------------------|------------|---------|---------------------|-----------------------|
| 47 | The Avenue (The Common)          | 3 bed link | 39,950  | Lanyon Davies Evans | Leasehold, was 42,500 |
| 3  | Hilltop Crescent (The Common)    | 4 bed det  | 89,500  | Lanyon Davies Evans |                       |
| 22 | Heol TY Maen (Upper Boat)        | 4 bed semi | 64,950  | Lanyon Davies Evans | Was 66,950            |
|    | Graig-yr-Helfa Farm (The Common) | 3 bed semi | 155,000 | Lanyon Davies Evans |                       |

All Freehold, unless stated in details.

Details shaded show property recently withdrawn from market.



## Properties Available in Pontypridd

| N <sup>o</sup> | Street                              | Type       | Asking Price (£) | Agent         | Other info  |
|----------------|-------------------------------------|------------|------------------|---------------|---|
| 18             | Pencoed Avenue (The Common)         | 3 bed semi | 73,950           | Peter Alan    | Withdrawn from market - no interest. Also withdrawn from mkt with Halifax (74,995), offer of 70,000 refused |
| 9              | Ridgeway Close (Graigwen)           | 4 bed semi | 59,950           | Peter Alan    |   |
|                | Ty Newydd, The Avenue (The Common)  | 3 bed det  | 65,000           | Peter Alan    | Was at 69,950   |
|                | High Corner, Graig-yr-Helfa Road    | 3 bed det  | 125,000          | Peter Alan    | Was at 130,000  |
| 5              | Bryn Aur, (Rising Wood, Coed-Y-Cwm) | 4 bed semi | 61,500           | Peter Mulcahy |   |
|                | Ashgrove, Glyntaff Road (Glyntaff)  | 3 bed det  | 109,000          | Peter Mulcahy | Reduced from 120,000. Will go no lower.   |

All Freehold, unless stated in details.

Details shaded show property recently withdrawn from market.

---

# Peter Mulcahy

**SOUTH WALES' LARGEST FAMILY RUN ESTATE AGENTS**

**1 TY GWYN ROAD,  
THE COMMON, PONTYPRIDD.**



**Viewing strictly by appointment  
through the local office**

---

**Principals: Peter Mulcahy (FNAEA) Judith Mulcahy  
Partners: Robert Mulcahy (ANAEA) Lisa Mulcahy Associate: Christopher Barker (FNAEA)**

## 1 TY GWYN ROAD.

### THE COMMON, PONTYPRIDD.

EDWARDIAN SIX BEDROOM SEMI DETACHED HOUSE WITH PANORAMIC VIEWS TO FRONT SET ON THE POPULAR AND DESIRABLE COMMON. Renovated and modernised with gas central heating and part UPVC double glazing. Porch, spacious 23ft lounge, 15ft dining room, nice size fitted kitchen with integrated oven and hob, utility room, downstairs cloakroom, six bedrooms and two bathrooms. Front and rear gardens. Double length garage.

The Common is a pleasant residential area above Pontypridd town and able to take advantage of the town's amenities. Access nearby onto A470 connects Merthyr, Cardiff and motorway.

#### ACCOMMODATION: (Approximate Dimensions)

- PORCH:** UPVC double glazed door to porch. UPVC double glazed window. Decorative plaster niche. Slate floor. Open access to lounge.
- LOUNGE:** 23' x 15' narrowing to 10'2". UPVC double glazed windows to side. Aluminium double glazed patio doors to rear. Coved ceiling with ornate coving. Woodblock floor. Super size with access to dining room and kitchen. Stairway.
- DINING ROOM:** 15'2" x 12'. UPVC double glazed picture window to front with panoramic views. Two UPVC double glazed windows to side. Picture rail. Adam style fireplace with Living Flame gas fire.
- KITCHEN:** 12' x 11'6". UPVC double glazed window to rear. White fitted kitchen with wall and floor units incorporating twin stainless steel circular sink unit with mixer tap over. Integrated gas oven, grill and hob. Plumbed for washing machine. Large breakfast table. Slate tiled floor. Door to utility room.
- UTILITY RM:** 11' x 7'. UPVC double glazed window. UPVC double glazed door to side. Plumbed for dishwasher and washing machine. Door to cloakroom.
- CLOAKROOM:** UPVC double glazed window. Vanity wash hand absin and wc.

## **FIRST FLOOR:**

- LANDING: Access to four bedrooms and stairway to second floor.
- BEDROOM 1: 15' x 11'6". UPVC double glazed window to front with panoramic views. Fitted master bedroom with robes and drawer units on two walls giving excellent storage space.
- BEDROOM 2: 11'6" x 10'2". Secondary double glazed window to front. Picture rail. Coved ceiling.
- BEDROOM 3: 10' x 8'6". UPVC double glazed window. Bedroom fitment.
- BEDROOM 4: 8'6" x 8'6". Wood window to side. Ornate bedroom fireplace.
- SEPARATE WC: UPVC double glazed window. Half tiled walls. WC.
- BATHROOM: Stained glass leaded window. Pine panelled bath and pedestal wash hand basin.

## **SECOND FLOOR:**

- LANDING: Loft access. Ornate plaster dado rail. Well decorated.
- BEDROOM 5: 16'4" x 9'7". UPVC double glazed window to side with panoramic views. Velux double glazed window.
- BEDROOM 6: 11'6" x 11'9" (Max). L-shaped. Wood window to front with panoramic views. Bedroom fireplace.
- BATHROOM: Velux double glazed window. Pine panelled bath with over bath shower, pedestal wash hand basin and wc. Tongue and groove ceiling. Part tiled walls.
- HEATING: Gas central heating. Gas boiler in Utility Room. Twelve radiators plus plinth heater.
- GARDENS: FRONT: Garden laid in lawn with flower beds and gravel path. Side path to rear.  
REAR: Garden laid in lawn with crazy paved patio and garden pond. Flower beds.
- GARAGE: Double length garage.
- DIRECTIONS: At A470 roundabout take turn off for Cilfynydd. Up hill and at junction with Merthyr Road travel straight across up Common Road. At the top of hill turn left into Ty Gwyn Road and the property is the first one on right hand side at the junction with Hilltop Avenue.

**PRICE: £96,000 FREEHOLD**

LMR4387



85 Taff Street, PONTYPRIDD. CF37 4SL  
Tel:- 01443/400111  
Fax:- 01443/400567

JG18/SH/980325/5-261

**8 COMMON ROAD,  
THE COMMON,  
PONTYPRIDD. CF37 4AE**

**TERRACE PROPERTY**

**THREE BEDROOMS**

**TWO RECEPTION  
ROOMS**

**GAS FIRED  
CENTRAL HEATING  
SYSTEM**

**DOUBLE  
GLAZING**

**REAR GARDEN**

**OFF ROAD  
PARKING**

**NO CHAIN**

**VIEWING  
RECOMMENDED**

**DRAFT  
COPY**

Halifax Property Services as the vendors sole agents have great pleasure in offering for sale this improved and well presented three bedroom mid terraced property location in one of Pontypridd's prime residential areas. The property, which offers good road links to the A470 carriageway, briefly comprises lounge, sitting room, kitchen, bathroom, with three bedrooms to the first floor. There is a rear garden with lane access and hardstanding.

**£52,950**

RESIDENTIAL ESTATE AGENCY • MORTGAGE ADVICE • NEW HOMES AND LAND • RESIDENTIAL LETTING  
SURVEYS AND VALUATIONS • PROPERTY AUCTIONS

Not all services are available at every branch. Please ask for details.

Halifax Property Services is a trading name of Halifax Estate Agencies Limited. Registered office: Trinity Road, Halifax, West Yorkshire HX1 2RG.  
Registered in England No. 2045933. Halifax Estate Agencies Limited represents only the Halifax Financial Services Marketing Group,  
which is regulated by the Personal Investment Authority for the purposes of advising on and selling life assurance, pensions and unit trust business.

**ENTRANCE**

**ALL** Upvc door, radiator, stairs to the first floor. Strip wood panel doors throughout the property leading into:-

**LIVING ROOM** 12'4" x 10'11", window to front with leaded lights, coal effect gas fire, tiled hearth and wood effect surround, double radiator, boxed off gas meter, patterned and textured ceiling.

**DINING ROOM** 13'0" (min) x 11'10", window to rear, radiator, patterned and textured ceiling.

**KITCHEN** 9'1" x 7'5", window to side, single drainer stainless steel sink unit, base and wall units, radiator, understairs storage cupboard, gas point, textured ceiling.

**REAR LOBBY** Obscure Upvc double glazed door giving access to rear garden, built-in storage cupboard with plumbing for an automatic washing machine, textured ceiling.

**BATHROOM** Obscure glazed window to rear, low level w.c., pedestal wash hand basin, enclosed panel bath with shower, radiator, wall mounted gas central heating Combi boiler, patterned and textured ceiling.

**FIRST FLOOR**

**LANDING** Window to rear, patterned and textured ceiling. Doors off to:-

**BEDROOM 1** 13'6" x 7'11", window to front with leaded lights, radiator, loft access, patterned and textured ceiling.

**BEDROOM 2** 16'5" x 8'0", window to front with leaded lights, radiator, patterned and textured ceiling.

**BEDROOM 3** 10'3" x 6'1", window to rear, radiator, patterned and textured ceiling.

**OUTSIDE**

**REAR** Garden with lawned area, hardstanding with double doors for off road parking. Pedestrian access and enclosed to boundaries.

**ENURE** We are advised that the property is Freehold, to be confirmed.

**N.B.** We have not tested any systems or appliances at this property.

We endeavour to make our sales details accurate and reliable but they should not be relied on as statements or representations of fact and they do not constitute any part of an offer or contract. The seller does not make any representation or give any warranty in relation to the property and we have no authority to do so on behalf of the seller.

Services, fittings and equipment referred to in the sales details have not been tested (unless otherwise stated) and no warranty can be given as to their condition.

We would strongly recommend that all the information which we provide about the property is verified by yourself or your advisers.

Please contact us before viewing the property. If there is any point of particular importance to you we will be pleased to provide additional information or to make further enquiries. We will also confirm that the property remains available. This is particularly important if you are contemplating travelling some distance to view the property.



.B. It is a condition of the issue of these Sales Particulars that all negotiations regarding the proposed sale and purchase of this property are to be conducted through Halifax Property Services.

.B. We endeavour to make our Sales Particulars accurate and reliable but they should not be relied on as statements or representations of fact and they do not constitute any part of an offer or contract. The Seller does not make any representation or give any warranty in relation to the property and we have no authority to do so on behalf of the Seller. Any information given by us in these Sales Particulars or otherwise is given without responsibility on our part.

**DIRECTIONS** From our Pontypridd office proceed over Bridge Street on the A470 roundabout taking the second exit off the aforementioned sign posted for Merthyr and proceed to the approaching T junction. Go directly over the main road onto Common Road with the subject property on the left hand side.

**VIEWING** Strictly by Appointment with Halifax Property Services, 85 Taff Street, PONTYPRIDD. CF37 4SL

**OPENING HOURS** Monday, Tuesday, Thursday and Friday - 9.00 a.m. - 6.00 p.m.  
Wednesday - 9.30 a.m. - 6.00 p.m.  
Saturday - 9.00 a.m. - 5.00 p.m.

**MORTGAGE SERVICE** Budgeting correctly for a move is vital. Not all mortgages are the same. We can give you advice on any mortgage, any lender, any time. Simply ring and ask for an appointment.

Certain types of loans must be secured by a mortgage on your property. Written quotations are available on request from your local Halifax Property Services branch. All loans are subject to a satisfactory appraisal of status and financial standing and are only available to persons aged 18 or above.

**YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.**



# Lanyon Davies & Evans

Estate Agents Surveyors & Valuers

6, GELLIWASTAD ROAD, PONTYPRIDD, CF37 2BP.

Telephone (01443) 406414

Fax No. (01443) 485437

WE ARE PLEASED TO PRESENT ANOTHER PROPERTY FOR SALE THROUGH  
THE OLDEST ESTABLISHED ESTATE AGENCY PRACTICE IN THE AREA.



10 COMMON ROAD, COMMON, PONTYPRIDD - PURCHASE PRICE - £51,000

Sought after location. Renovated and extended 3 bed end terraced house. Gas central heating, double glazing and garage. Comprises entrance lobby, through lounge, large dining room, re-fitted kitchen, spacious first floor bathroom/w.c., garden. Must be viewed.

## DIRECTIONS

From Gelliwastad Road, through traffic lights at junction of Berw Road and Taff Street, over River Bridge to roundabout, under fly over taking first available turning left to junction with Merthyr Road, straight across Merthyr Road into Common Road. The property may be found some short distance along on the right hand side.

**WE ASSURE YOU A PERSONAL AND PROFESSIONAL SERVICE  
WITH UNRIVALLED LOCAL EXPERIENCE**

ALSO AT

26, YNYSMEURIG ROAD, ABERCYNON, CF45 4SY.  
Telephone (01443) 740283 Fax No. (01443) 742119

Particulars are intended only as a guide to prospective Purchasers to enable them to decide whether to make further enquiries with a view to taking up negotiations but they are otherwise not intended to be relied upon in any way or in for any purpose whatever and accordingly neither their accuracy nor the continued availability of the property is in any way guaranteed and they are furnished on the expressed understanding that neither the Agents nor the Vendors are to be or become under any liability or claim in respect of their contents. The Vendor does not hereby or give nor do Messrs. Lanyon, Davies & Evans nor any other person in or Employee of Messrs. Lanyon, Davies & Evans have any authority to make or give any representation or warranty whatsoever as regards the property or otherwise. All particulars are issued on the understanding that negotiations are conducted through this office. A permit-to-view this Property constitutes acceptance of these terms.



# For Sale Via Lanyon Davies & Evans

10 COMMON ROAD, COMMON, PONTYPRIDD

TENURE - WE HAVE BEEN GIVEN TO UNDERSTAND

THAT THE PROPERTY IS FREEHOLD

Internal inspection is essential to fully appreciate all the qualities of what, in our opinion, is an excellent family home overlooking the Common. Convenient for the Town Centre with all its amenities and also being well placed for commuting to all the main areas.

As indicated above, the property has been improved and extended and also features rendered elevations and tiled roof.

Early inspection is strongly recommended.

## ACCOMMODATION COMPRISES

(Approximate Dimensions)

### GROUND FLOOR

Entrance Lobby - u.P.V.C. door, radiator, recess store/cloaks closet, artexed ceiling, service meter.

Lounge - 23'9" x 11'4" minimum - u.P.V.C. double glazed window to front with matching french doors to rear, one single, one double radiator, gas fire to attractive surround, patterned, artexed and coved ceiling, large recess with staircase to first floor, telephone point.

Kitchen - 11' x 9'8" - Re-fitted (approximately 2 years), stainless steel sink unit, matching base and wall cupboards, wine rack, pull-out ironing board, plumbing for automatic washing machine, tiled surrounds, radiator, u.P.V.C. double glazed window to side, patterned, artexed and coved ceiling, archway access to:-

Dining Room - 17'1" x 10'1" - Double glazed patio doors to garden, radiator, coved ceiling.

### FIRST FLOOR

Landing Area - u.P.V.C. double glazed window to side, power point, loft access, artexed and coved ceiling.

Bedroom No. 1 - 13'8" x 10'5" - u.P.V.C. double glazed window to front overlooking the Common, radiator, power points, telephone point, artexed and coved ceiling.

Bedroom No. 2 - 10'5" x 9'3" - Tilt-n-turn u.P.V.C. double glazed window to rear, power points, radiator, patterned, artexed and coved ceiling.

/cont'd...

# For Sale Via Lanyon Davies & Evans

## 10 COMMON ROAD, COMMON, PONTYPRIDD, CONTINUED

Bedroom No. 3 - 10'7" x 6'2" - u.P.V.C. double glazed window to front, radiator, power point, patterned, artexed and coved ceiling.

Bathroom/W.C. - 11'6" x 9'5" - Panelled bath, pedestal wash-hand basin, low level w.c., half pine clad walls, airing cupboard with Combi gas boiler for central heating and domestic water, radiator, u.P.V.C. double glazed window to side.

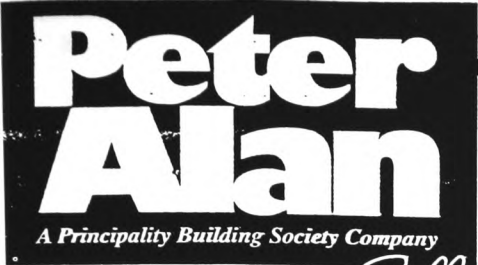
Exterior - Long paved side yard, patio area, brick built barbecue, flower borders, side access, small lawn, exterior lighting and having access to garage with up-and-over door onto Mackintosh Road.

Viewing - Strictly by prior arrangement via our office.

N.B. - ONLY ITEMS LISTED (IF ANY) WITHIN THIS SPECIFICATION ARE INCLUDED IN THE ASKING PRICE.

ANY VARIATION TO THE ABOVE MUST BE CONFIRMED IN WRITING PRIOR TO CONTRACTS BEING RAISED.

\*\*\*\*\*



The name that Sells!

PONTYPRIDD BRANCH  
99 Taff Street  
Pontypridd  
Mid Glamorgan  
CF37 4SL  
Telephone (01443) 485600

ENQUIRE AT RECEPTION  
FOR PHOTOGRAPH

\*\*\*\*\*  
\* 32 MOORLAND HEIGHTS \*  
\* THE COMMON \*  
\* PONTYPRIDD \*  
\*  
\*\*\*\*\*

24/2101-4  
301/LC

PRICE £47,850

LOCATION The Common, considered one of Pontypridd's most sought after residential areas.

FEATURES \* SEMI DETACHED BUNGALOW ON CORNER LOCATION \* HALL \* LOUNGE \* KITCHEN WITH PINE CLAD CEILING \* TWO BEDROOMS \* BATHROOM \* GARDENS TO FRONT, SIDE AND REAR \* CARPETS \* GAS FIRED CENTRAL HEATING \*

DIRECTIONS Leave Pontypridd via Bridge Street, under the A470, across Myrddin Road and up Common Road. At the top of the hill turn right into Myrddin Road. Moorland Heights is on the left hand side.

DISCLAIMER We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

UTILITIES (not tested) Mains gas, electricity, water and drainage.

VIEWING Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

MORTGAGE Mortgage facilities available - Free mortgage advice. Contact our Pontypridd Office. Tel: (01443) 485600.

# Peter Alan

A Principality Building Society Company

*The name that Sells!*

24/2101-4

ACCOMMODATION COMPRISES:

L Glazed door and panel. Carpet.

INGE 17'6" x 11'6". Aluminium double glazed patio doors to front. Feature exposed brick. Alcoves. Fitted gas fire. Double radiator. Shelf. Textured ceiling. Pendant and two wall light points.

KITCHEN 9'5" x 9'5". Stainless steel sink unit. Cupboards. Gas and electric points. Upvc double glazed door and window. Pine clad ceiling.

REAR ACCESS Access to attic.

BEDROOM 1 13'6" x 9'3". Window to rear. Coved ceiling. Radiator. Fitted carpet.

BEDROOM 2 10'9" x 10'3". Window to rear. Fitted wardrobes and dresser. Radiator. Carpet.

BATHROOM Panelled bath, pedestal wash hand basin and low level w.c. Radiator. Linen cupboard. Window.

PORCH SIDE Outside light. Gate. Railings. Path.

FRONT Path, lawn. Wall and trees.

REAR Garden with conifers and shrubs. Path.

While we endeavour to make our details accurate and reliable, if there is any point which is of particular importance to you, please contact the office and we will be pleased to confirm the position for you. We have not personally tested any apparatus, equipment, fixtures, fittings or services and cannot verify they are in working order or fit for their purposes.

Nothing in these particulars is intended to indicate that any carpets or curtains, furnishings or fittings, electrical goods (whether wired in or not), gas fires or light fittings or any other fixtures not expressly included form part of the property offered for sale.

\*

**PONTYPRIDD BRANCH**  
94 Taff Street  
Pontypridd  
Mid Glamorgan  
CF37 4SL  
Telephone (01443) 485600



**PRICE £55,000**

\*\*\*\*\*

\* \* \* \* \*  
\* TREE TOPS \*  
\* 30 HOORLAND HEIGHTS \*  
\* THE COMMON \*  
\* PONTYPRIDD \*  
\* \* \* \* \*

24/2718-5  
301/SLM

Common, considered a most sought after residential area market town.

I RECOMMEND AN EARLY VIEWING TO THIS APPEALING SEMI BUNGALOW SET IN GENEROUS SIZE GARDEN AND OFFERS HALL, NICE LIVING FLAME EFFECT GAS FIRE, KITCHEN HAVING ATTRACTIVE FITTED UNITS, UTILITY, TWO GOOD BEDROOMS, THE MAIN BEDROOM FITTED WITH CHRISTI'S TALL WARDROBES AND UNITS, BATHROOM SUITE \* GAS FIRED CENTRAL HEATING \* CARPETS \* NICE GARDENS \* LARGE SPACE \*

Leave Pontypridd via Bridge Street, under the A470 and onto Common Road. At the top of the hill turn right and the property is on the left hand side.

We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

tested) Mains gas, electricity, water and drainage.

Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

Mortgage facilities available - Free mortgage advice. Contact Andrew Davies at our Pontypridd Office. Tel: (01443) 485694.



24/2718-5

ATION COMPRISES:

Double glazed door and panel. Coved ceiling. Radiator. Carpet. Door to...

17'6" x 12'3" plus walkway. Double glazed patio doors to front, vertical blinds. Box! Living flame effect gas fire. Double radiator, single radiator. Coved and textured ceiling. An attractive nice size room. Carpet. Door to...

11'3" x 8'. One and half bowl sink unit and mixer taps set in round edge work surfaces. Attractive range of fitted units. six drawers, gas and electric points. Breakfast bar. Radiator. Telephone point. Fluorescent light. Textured ceiling. UPVC double glazed door and window to utility.

9'9" x 4'4". Plumbed for automatic washing machine. Double power point. Gas heater. UPVC double glazed windows, UPVC double glazed door to garden.

Access to loft with ladder. Carpet.

13'6" x 9'6". UPVC double glazed window to side. Pretty double bedroom. Radiator. Fitted with Christi's tall fitted wardrobes, bedside cabinets, linen cupboards and dresser. Radiator. Coved and textured ceiling. Carpet.

10'10" x 9'4". UPVC double glazed tilt and turn patio door to patio. Well decorated. Double radiator. Double power point. Coved ceiling.

Tiled bathroom. Modern suite in whisper pink, panelled bath, pedestal wash hand basin, close coupled w.c., instant shower. UPVC double glazed window. Radiator. Linen cupboard.

# Peter Alan

A Principality Building Society Company

*The name that Sells!*

24/2718-5

TSIDE  
DNT Drive. Brick path and area. Lawn. Outside  
Light.  
DE Gate and brick path. Outside tap.  
AF Generous brick patio with wall around.  
Generous size lawn, shrubs. Outside light.

[E While we endeavour to make our details accurate and reliable,  
if there is any point which is of particular importance to you,  
please contact the office and we will be pleased to confirm the  
position for you. We have not personally tested any apparatus,  
equipment, fixtures, fittings or services and cannot verify they  
are in working order or fit for their purposes.

Nothing in these particulars is intended to indicate that any  
carpets or curtains, furnishings or fittings, electrical goods  
(whether wired in or not), gas fires or light fittings or any  
other fixtures not expressly included form part of the property  
offered for sale.

# Peter Alan

A Principality Building Society Company

The name that *Sells!*



\*

\*

PRICE £129,950

PONTYFRIDD BRANCH  
94 Taff Street  
Pontypridd  
Mid Glamorgan  
CF37 4SL  
Telephone (01443) 485600

\*\*\*\*\*

\*  
\* ROCKINGSTONE COTTAGE \*  
\* THE COMMON \*  
\* PONTYFRIDD \*  
\*

\*\*\*\*\*

24/2828-2  
301/CT

LOCATION We consider this a quiet area in an elevated location giving in our opinion a good view across the town. The Common is a prestigious area of Pontypridd market town is well served with shops, schools at all levels, college, university, churches, recreational facilities, buses and trains. The A470 giving access to Cardiff, Merthyr and the Motorway.

FEATURES \* AN INDIVIDUALLY DESIGNED 1970'S, WELL PROPORTIONED HOUSE WITH MANY FEATURES WHICH MUST BE SEEN TO BE APPRECIATED \* THE INVITING HALL LEADS TO THE LARGE LOUNGE WITH CEDAR TONGUE AND GROOVE CEILING \* GOOD SIZE DINING ROOM GIVING A DISTANCE VIEW \* FITTED KITCHEN, BUILT UNDER COOKER AND AMTICO TILED FLOOR \* IN ADDITION THERE IS A USEFUL UTILITY ROOM \* THE LANDING LEADS TO THE TWO GOOD SIZE DOUBLE BEDROOMS AND DRESSING ROOM WITH FITTED WARDROBES WHICH WE CONSIDER WOULD MAKE A NICE THIRD BEDROOM \* THE BATHROOM HAS TILED WALLS AND TILED TO SHOWER CUBICLE \* THE PROPERTY HAS THE BENEFIT OF GAS FIRED CENTRAL HEATING \* CARPETS ARE TO REMAIN \* THE MAJORITY OF WINDOWS ARE DOUBLE GLAZED \* SET IN OVER HALF AN ACRE THERE ARE GOOD GARDENS WITH TREES, SHRUBS, TWO NATURAL SPRINGS, DRIVE AND GARAGE \*

DIRECTIONS Leave Pontypridd Centre via Bridge Street under the A470 up to Merthyr Road, across to Common Road, bearing right at the top of the hill. Pass the Pontypridd Hospital and immediate left into Rockingstone Terrace. Rockingstone Cottage is the detached house on the right.

## TENURE

We have been advised by the vendor that this property is freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

## SERVICES (not tested)

Mains gas, electricity, water and drainage.



# Peter Alan

A Principality Building Society Company

*The name that Sells!*

24/2828-2

TO VIEW

Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

MORTGAGE (CU4128)

Mortgage facilities available - Free mortgage advice. Contact Andrew Davies at our Pontypridd Office. Tel: (01443) 485694.

THE ACCOMMODATION COMPRISES:

HALL

11'4" x 8'6". Good size, light, welcoming hall, coved ceiling, double power point, telephone power point, corner double radiator, carpet, side steps to lounge.

LOUNGE

24' x 14'9". Double glazed window and patio door to front garden, view across the town, a magnificent size room with Cedar tongue and groove ceiling, two good size radiators, marble fireplace, mantel and open fire, pendant and four wall light points, dimmer switch, tv point, seven power points, carpet.

DINING ROOM

12' x 11'. Double glazed window to front and side, distant view, a generous size dining room, pine tongue and groove ceiling, four power points, dimmer switch, carpet, skirting radiator, hatch to kitchen.

KITCHEN

15' x 9'6" (opening to 12'). uPVC double glazed window to side, double drainer stainless steel sink unit and mixer tap set in work top surface, split level cooker, four ring gas hob, light and extractor fan over, electric oven and grill, an abundance of matching 'English Rose' wall and floor units, vegetable rack, carousel, six power points, pine clad ceiling, two fluorescent lights, Antico tiled floor, central heating boiler, radiator, larder, useful matching cupboard,

UTILITY ROOM

7'8" x 5'4". Four power points, sink with hot and cold water, Antico tiled floor, a useful additional room, part glazed door to garden.

24/2828-2

**FIRST FLOOR**

**LANDING**

Radiator, double size airing cupboard with light, double power point, coved ceiling, carpet.

**BEDROOM 1**

14'10" x 12'. uPVC double glazed window to rear and outlook, double glazed patio doors to balcony with view to front, radiator, 8 power points, pine clad ceiling, two light fittings, carpet, arch to:-

**DRESSING ROOM**

8'6" x 8'5" into wall of fitted wardrobes. Double glazed window to front, radiator, pine ceiling, carpet, in our opinion we consider that this could make a nice third bedroom.

**BEDROOM 2**

12' x 11'6". uPVC double glazed window to side and view, radiator, 5 power points, fitted wardrobes with cupboards over and dresser with light, mirror and inset cabinet, carpet, radiator.

**BATHROOM**

8'5" x 7'. Avacado suite comprising panelled bath, pedestal wash hand basin, close coupled w.c., tiled walls, light and shaver point, radiator, tiled shower cubicle with Mira shower, uPVC double glazed window, carpet.

**OUTSIDE**

**TO THE FRONT**

Large front garden with generous size lawn, single and double gates to drive and garage, raised crazy paved feature, conifers, open porch with light.

**TO THE SIDE**

Wide path, paved area, outside tap, wall and fence.

**TO THE REAR**

Wide path, crazy paved patio, two natural mountain springs from drystone walling, steps to extensive garden, greenhouse, garden sheds, outside light, variety of trees including apple trees, chestnut, variety of shrubs.

# Peter Alan

A Principality Building Society Company

*The name that Sells!*

24/2828-2

GARAGE

19'9" x 9' opening to 11'. Up and over door, gate to side.

NOTE

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Nothing in these particulars is intended to indicate that any carpets or curtains, furnishings or fittings, electrical goods (whether wired in or not), gas fires or light fittings or any other fixtures not expressly included form part of the property offered for sale.

**9 PLAS Y FEDWEN  
COED-Y- CWM  
Offers Invited £58,500**



- ❖ Four Bedrooms
- ❖ 2 Reception Rooms
- ❖ Gas Central Heating
- ❖ Freehold
- ❖ Semi Detached House
- ❖ Integral Garage
- ❖ Security System
- ❖ Ref: Plas Y F/10679

Four bedroom semi-detached property situated in a cul-de-sac on this popular modern estate. Traditional cavity wall construction with tiled canopy to ground floor front elevation. Integral garage, driveway with parking for single car with adjoining lawned area. External security light to garage. Pathway leading to bricked archway with wrought iron gate to side of property. Open paved area providing access to rear garden and patio with side entrance door to house with security light to side.

**MODATION COMPRISES**

|   |              |  |
|---|--------------|--|
| <b>ENTRANCE HALLWAY</b><br>(5'10") max x 1.79m(5'10") max width | To Side      | Hardwood double glazed entrance door with coloured and decorative panels leading to entrance hallway. Fitted carpet; central heating radiator; emulsioned walls; textured ceiling with coving; 1 single power point; telephone point; battery smoke alarm; white panelled doors with 'brass' handles leading to  |
| <b>GROUND FLOOR WC</b><br>(2'4") x 0.70m(2'4")                  | To The Side  | Fitted carpet; low level wc with wash hand basin and tiled splash back; stained double glazed casement window to side; emulsioned walls; textured ceiling.   |
| <b>RECEPTION ROOM</b><br>(9'6") x 2.90m(9'6")                   | To The Front | Fitted carpets; emulsioned walls; textured ceiling with coving; living flame gas fire with marble hearth; central heating radiator; 2 no. double power points; 1 no. single power point; telephone point; TV point; box bay window to front; stained double glazed casement window to front with pink vertical blinds.   |
| <b>RECEPTION ROOM</b><br>(8'11") x 2.71m(8'11")                 | To The Rear  | Fitted carpet; central heating radiator; emulsioned walls; textured ceiling with coving; 1 no. double and 1 no. single power points; double glazed aluminium patio doors leading to patio and rear garden area; arched opening leading to kitchen.   |
| <b>KITCHEN</b><br>(8'0") x 2.43m(8'0")                          | To The Rear  | A range of modern fitted kitchen base and wall units by Coln with cherrywood finish. Beige granite effect worktops with tiled splash backs; plumbed for washing machine; built-in electric oven and gas hob with extractor fan over; one & half stainless steel sink inlaid to worktop with chrome mixer tap; emulsioned walls with borders; textured ceiling with fluorescent light; wall mounted gas boiler; central heating radiator. Stained double glazed casement window to rear with net curtains; 2 no. double and 2 no single power points; electric and gas cooker points. |
| <b>STAIRS AND LANDING</b><br>(7'3") max x 2.20m(7'3") landing   |              | Understairs storage area; fitted carpet to stairway; emulsioned walls; textured ceiling with battery smoke alarm; white panelled doors with 'brass' handles leading to airing cupboard, bathroom and bedrooms.   |
| <b>BATHROOM</b><br>(6'3") x 1.91m(6'3")                         | To The Side  | White modern suite, bath with side panel; electric Triton T80L shower over; glass shower panel with gold effect trim; pink tiled walls to bath with floral inlay tiles; pedestal wash hand basin; low level wc with tiled splash back; mahogany effect bathroom fittings; stained double glazed casement window to side; mahogany wall mirror with electric shaver point and light over; fitted carpet; central heating radiator; remaining walls half papered with border and emulsioned; textured ceiling.   |
| <b>BEDROOM</b><br>(9'8") x 2.94m(9'8")                          | To The Front | A well proportioned room; central heating radiator; 2 no single power points (one concealed behind bedroom furniture); telephone point; emulsioned walls with border; textured ceiling; stained double glazed casement window to front.  |
|   |              | NOTE: Would purchasers please note that the Christies bedroom furniture including bed headboard are not included in sale and will be removed by the vendor.  |
| <b>BEDROOM 2</b><br>(9'3") x 2.82m(9'3")                        | To The Rear  | Fitted carpet; emulsioned walls with sponge effect finish and borders; textured ceiling; 2 no double power points; 1 no central heating radiator; stained double glazed casement window to rear.   |
|   |              | NOTE: Would purchasers please note that the Christies bedroom furniture is not included in sale and will be removed by vendor.   |

|  |                     |  |
|--|---------------------|--|
| <b>ROOM 3</b><br>'8") max x 2.40m(7'10") | <i>To The Front</i> | Fitted carpet; emulsioned walls with sponge effect finish with borders; textured ceiling; 1 no central heating radiator; 2 no single power points; stained double glazed casement window to front. |
| <b>ROOM 4</b><br>7") x 2.45m(8'0") max   | <i>To The Rear</i>  | Fitted carpet; emulsioned walls with border; 1 no central heating radiator; 2 no single power points; stained double glazed casement window to rear; textured ceiling; access to roof space.       |
| <b>WALL GARAGE</b><br>'2") x 2.46m(8'1") | <i>To The Front</i> | 2 no double power points; fluorescent light, doorway leading to entrance hallway.  |
| <b>PORCH</b>                             |                     | Elevated patio with low brick wall enclosure; pathway leading to enclosed lawn with established leylandi hedge.  |
| <b>NOTE</b>                              |                     | We are advised by the vendor that the tenure of the property is FREEHOLD. We have not personally verified this and the buyer is advised to obtain verification from their solicitor or surveyor.   |
| <b>GENERAL</b>                           |                     | Accompanied viewings only, strictly by appointment through this office. Telephone: (01443) 492229  |

These particulars do not constitute any part of an offer or contract. Their accuracy or the continued availability of the property is not guaranteed. They are furnished on the understanding that neither Leek & Weston Ltd (the Agent) nor the Vendor are to become under any liability or claim in respect of their contents. Any purchaser must satisfy himself by inspection or otherwise as to the correctness of the particulars. Neither the Vendor nor the Agent or its directors or employees have authority to make or give any representation or warranty whatever in relation to the property. The Agent has not tested any apparatus, equipment or machinery on the property, nor verified the legal status of the property. Negotiations arising from these particulars must be made through this office.



85 Taff Street, PONTYPRIDD. CF37 4SL  
Tel:- 01443/400111  
Fax:- 01443/400567

8/ABA/980731/5-658

## 2 THE AVENUE, THE COMMON, PONTYPRIDD. CF37 2HF

ADDITIONAL  
BRACE

UNGE

PARATE  
DINING ROOM

FITTED KITCHEN

CEMENT  
UTILITY/THIRD  
RECEPTION

TWO BEDROOMS

BATHROOM  
WITH CORNER  
BATH

CLOSED REAR  
GARDEN



An opportunity to purchase this modernised mid terraced property briefly comprising of entrance hall, lounge with separate dining room, fitted kitchen basement utility room/third reception, two good size bedrooms and family bath with superb corner bath suite. The property also has gas central heating and enclosed rear garden.

£54,500

RESIDENTIAL ESTATE AGENCY • BUDGETING ADVICE • MORTGAGE ADVICE • NEW HOMES AND LAND  
RESIDENTIAL LETTING • PROPERTY AUCTIONS

Not all services are available at every branch. Please ask for details.

Halifax Property Services represents only the Halifax Financial Services Marketing Group, which is regulated by the Personal Investment Authority for the purposes of advising on and selling life assurance, pensions and unit trust business.

- RANCE**  
**L** Solid wooden front door to:-
- LWAY** With stairs giving rise to first floor, single radiator, doors to lounge and dining room.
- NGE** 12'0" x 11'7", Pvc window to front, double radiator, fitted gas fire.
- NG ROOM** 12'4" x 10'5", window to rear, single radiator, gas fire, stairs to:-
- SHEN** 11'2" x 10'1", fitted kitchen with a range of eye level and base units with inset stainless steel sink unit, built-in gas hob, electric oven and extractor hood, double radiator, ceramic tiled floor, window to rear elevation.
- IER**  
**UND FLOOR** Door to kitchen.
- .ITY ROOM/  
D  
EPTION** 8'7" x 10'11", stainless steel sink unit with mixer taps and side drainer set into a base unit, plumbing available for automatic washing machine/tumble dryer, floor mounted gas central heating boiler, double radiator, window to rear and side elevations, door to rear garden.
- T FLOOR:**
- ROOM 1** 15'4" x 12'0" two Pvc windows to front elevation, double radiator, coving to ceiling (previously bedrooms one and three which have been knocked through to make one large room but could easily be converted back).
- ROOM 2** 11'5" x 10'4", window to rear elevation, single radiator, coving to ceiling.
- ROOM** 10'1" x 8'1" (min), coloured suite to comprise of vanity wash hand basin, low level w.c., corner shower cubicle and corner rounded panel bath, tiling to splashback areas, door to airing cupboard and window to rear elevation.

our to make our sales details accurate and reliable but they should not be relied on as statements or representations of fact and they do not constitute any part of an offer or contract. The seller does not make any representation or give any warranty in relation to the property and we have no authority to do so on behalf of the seller.

services, fittings and equipment referred to in the sales details have not been tested (unless otherwise stated) and no warranty can be given as to their condition.

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Please contact us before viewing the property. If there is any point of particular importance to you we will be pleased to provide additional information or to make further enquiries. We will also confirm that the property remains available. This is particularly important if you are contemplating travelling some distance to view the property.





**JTSIDE**

**REAR** Laid to patio with flower borders and gate to pedestrian lane access.

**TITLE** We are advised that the property is Freehold, to be confirmed.

**B.** We have not tested any systems or appliances at this property.

**B.** It is a condition of the issue of these Sales Particulars that all negotiations regarding the proposed sale and purchase of this property are to be conducted through Halifax Property Services.

**B.** We endeavour to make our Sales Particulars accurate and reliable but they should not be relied on as statements or representations of fact and they do not constitute any part of an offer or contract. The Seller does not make any representation or give any warranty in relation to the property and we have no authority to do so on behalf of the Seller. Any information given by us in these Sales Particulars or otherwise is given without responsibility on our part.

**DIRECTIONS** From Pontypridd town centre proceed to second junction with the A470 and take the fourth exit off the roundabout, proceed to the top of hill to junction cross the junction and proceed up Common Road turning first left into The Avenue. The property may be found on the left hand side indicated by a Halifax board.

**VIEWING** Strictly by Appointment with Halifax Property Services, 85 Taff Street, PONTYPRIDD. CF37 4SL

**VIEWING HOURS**  
Monday, Tuesday, Thursday and Friday - 9.00 a.m. - 5.30 p.m.  
Wednesday - 9.30 a.m. - 5.30 p.m.  
Saturday - 9.00 a.m. - 4.00 p.m.





85 Taff Street, PONTYPRIDD. CF37 4SL  
Tel:- 01443/400111  
Fax:- 01443/400567

8/PM/980728/5-639

**23 DYNEA CLOSE,  
RHYDYFELIN,  
PONTYPRIDD. CF37 5EG**

**DERNISED AND  
EXTENDED SEMI  
DETACHED**

**ENJOY WITH  
SEPARATE DINING  
ROOM**

**FITTED KITCHEN**

**BREAKFAST ROOM**

**THREE BEDROOMS**

**FAMILY BATHROOM**

**FIRST FLOOR  
DINING ROOM/  
FOURTH BEDROOM**

**SEPARATE GARAGE**

**LANDSCAPE  
GARDENS**

**DOUBLE GLAZING  
THROUGHOUT**

**WITH CENTRAL  
HEATING**

**VIEWING  
HIGHLY RECOMMENDED**



An opportunity to purchase this well presented and modernised extended semi detached property briefly comprising of entrance hall, lounge with separate dining room, breakfast room, fitted kitchen, three bedrooms, family bathroom plus fourth bedroom/family room. The property further benefits from double glazing throughout, gas central heating and landscaped gardens. Viewing is highly recommended.

**£4,950**

RESIDENTIAL ESTATE AGENCY • BUDGETING ADVICE • MORTGAGE ADVICE • NEW HOMES AND LAND  
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**TRANCE**

- LL** Pvc double glazed front door with full length side screens, single radiator, stairs to first floor, understairs storage cupboard, dado rail.
- JNGE** 13'0" x 12'0", Pvc double glazing to front elevation, double radiator, coving to ceiling, dado rail, feature marble fire place (not in use), archway to:-
- ING ROOM** 10'1" x 9'10", Pvc double glazed window to rear elevation, dado rail and double radiator.
- EAKFAST  
OM** 10'8" x 8'0", with archway through to kitchen, double glazed patio doors leading out to rear garden, single radiator.
- CHEN** 9'7" x 9'4", fitted kitchen having a range of eye level and base units in mid oak with built-in oven and hob, inset resin twin bowl sink unit with mixer taps and side drainer, Pvc double glazing to rear elevation, internal door to garage, gas central heating boiler to wall.
- RAGE** Currently used as utility room, having plumbing for washing machine, providing power and lighting.
- ST FLOOR**
- IDING** Doors to all bedrooms and family bathroom.
- ROOM 1** 13'4" x 11'0", Pvc double glazed window to front elevation, single radiator.
- ROOM 2** 11'0" (maximum) x 10'1", Pvc double glazed window to rear elevation, built-in airing cupboard, single radiator.
- ROOM 3** 8'8" x 7'0" (maximum), Pvc double glazed window to front elevation, single panel radiator.
- ROOM 4/  
ILY ROOM** 24'2" x 9'6", presently in two separate rooms with archway separation having Pvc double glazed window to front and rear elevation and single radiator.
- ILY  
HROOM** Suite in white with brass fittings comprising of pedestal wash hand basin, low level w.c. and panelled bath, fully tiled to all walls, Pvc double glazed window to rear elevation, single radiator.
- SIDE** Corner plot garden with driveway at front to integral garage.
- R** Laid to patio with raised lawn and flower borders. Garden shed.

**IRE** We are advised that the property is Leashold, Annual Ground Rent £60.

We have not tested any systems or appliances at this property.

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**CTIONS** Proceed out of Pontypridd town travelling south on the A4054 Cardiff Road, turning left in Dynea Road, follow the road to the top of the hill and turn left into Dynea Close, the property may be found in the far corner of the close indicated by a Halifax for sale board.

**ING** Strictly by Appointment with Halifax Property Services, 85 Taff Street, PONTYPRIDD. CF37 4SL

**NING  
RS** Monday, Tuesday, Thursday and Friday - 9.00 a.m. - 5.30 p.m.  
Wednesday - 9.30 a.m. - 5.30 p.m.  
Saturday - 9.00 a.m. - 4.00 p.m.

**GTGAGE  
ICE** Budgeting correctly for a move is vital. Not all mortgages are the same. We can give you advice on any mortgage. Simply ring and ask for an appointment.

ain types of loans must be secured by a mortgage on your property. Written quotations are able on request from your local Halifax Property Services branch. All loans are subject to a sfactory appraisal of status and financial standing and are only available to persons aged 18 ove.

**R HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER N SECURED ON IT.**



TO VIEW CONTACT US AT 85 TAFF STREET PONTYPRIDD ON 01443 400111

NG18 203 971609

## 69 MERTHYR ROAD PONTYPRIDD

- \* FOUR BEDROOMS
- \* FOUR STOREY
- \* GAS CENTRAL HEATING SYSTEM (NOT TESTED)
- \* THREE RECEPTION ROOMS
- \* UTILITY ROOM
- \* DETACHED GARAGE
- \* FURTHER OFF ROAD PARKING
- \* SUBSTANTIAL FAMILY HOME



An excellent opportunity to purchase this bay fronted, four bedroom, semi detached family home, which has been well cared for by the present owners. Properties of this size and nature are seldom available and we strongly recommended an early viewing to avoid disappointment.

### ASKING PRICE

£65,995

### TENURE

We are advised that the tenure is Freehold. Verification has been requested by us and is awaited.

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Not all services are available at every branch. Please ask for details.

NG18 M203 971609

The property is described in more detail with approximate room sizes as follows;

Double glazed front entrance door to;

**ENTRANCE  
HALL**

Two double radiators, original ceiling cornice, original balustrade to stairs.

Doors to;

**LOUNGE**

(13'5" into bay x 13'5")  
Bay window to front aspect, radiator, original ceiling cornice.

**DINING ROOM**

(12'0" x 11'2")  
Window to rear, double radiator, picture rail, textured ceiling, fitted leaded glazed display cabinets to alcoves, one cupboard houses the gas boiler supplying domestic hot water and central heating. Wall mounted thermostat control.

**KITCHEN**

(9'0" x 8'8")  
Single drainer stainless steel sink unit with cupboards under, fitted roll edge worksurfaces, matching base and eye level wall units, gas cooker point, textured ceiling, window to rear, fitted larder unit, built in broom cupboard.

Louver doors with stairs leading down to lower ground floor;

**SITTING  
ROOM**

(23'0" x 17'3")  
Obscure window to side aspect double radiator, two single radiators, textured ceiling, double glazed patio doors to rear.

Door to;

**UTILITY  
ROOM**

(11'4" x 9'7")  
Window to rear and side aspect, single drainer stainless steel sink unit, plumbed for automatic washing machine, textured ceiling, stable door to outside.

We would like to make our sales details accurate and reliable but they should not be relied on as statements or representations of fact and they do not constitute any part of an offer or contract. The seller does not make any representation or give any warranty in relation to the property and we have no authority to do so on behalf of the seller.

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G18 M203 971609

Door to;

LOAK  
ROOM

Low level flushing suite, textured ceiling,

FIRST FLOOR  
LANDING

BEDROOM 1

(15'8" into bay x 10'10")  
Double glazed bay window to front aspect, picture rail, ceiling cornice, double radiator.

BEDROOM 2

(11'5" x 9'6")  
Window to rear, radiator, picture rail, fitted wardrobe with louver doors and matching cupboard over.

BATHROOM

Panelled bath with fitted "dolphin" shower over, Low level WC, Pedestal hand basin, Double radiator, textured ceiling, obscure window to rear.

BEDROOM 4

(9'4" x 7'2")  
Double glazed window to front, radiator.

SECOND FLOOR  
LANDING

Access to eaves storage space which is part boarded and has light connected

BEDROOM 3

(16'6" x 11'3")  
An unusual arch window to front aspect, double radiator, access to loft space. Fitted cupboard with louver doors and header tank over.

COURTSIDE

Closed court yard to the front of the property  
The rear garden itself has an outside cold water tap, concrete patio with cultivated flower bed to the side with pedestrian access to the side lane. Step down from the patio area leads to a large concrete parking bay which has access via double wooden gates, further steps lead to a feature container garden with a shingle bed, and a courtesy door gives access to a detached garage with power connected.

The garage has double wooden doors to front.

VIEWING

Strictly by appointment with the Agents,  
HALIFAX PROPERTY SERVICES



NG18 M203 971609

N.B. It is a condition of the issue of these sales particulars that all negotiations regarding the proposed sale and purchase of this property are to be conducted through the HALIFAX PROPERTY SERVICES.

BROCHURE  
DETAILS

This brochure including photographs was prepared by Halifax Property Services in accordance with the sellers instructions. All sizes are approximate.

SERVICE AND  
APPLIANCE

We have no information as to whether any services or appliances (including Central Heating if fitted) referred to in this brochure operate satisfactorily. There may be a reconnection charge for any switched off/disconnected or drained service or appliance.

BUDGETING  
ADVICE

Budgeting correctly for a move is vital. Not all mortgages are the same. We can give you advice on any mortgage, any lender, any time, Simply ring 01443 400111 and ask to speak to our Mortgage Arranger

HALIFAX ESTATE AGENCIES LIMITED REPRESENTS ONLY THE HALIFAX SERVICES MARKETING GROUP (WHICH IS REGULATED BY THE PERSONAL INVESTMENT AUTHORITY) FOR THE PURPOSE OF ADVISING ON AND SELLING LIFE ASSURANCE, PENSION AND UNIT TRUST BUSINESS. HALIFAX PROPERTY SERVICES IS A TRADING NAME OF HALIFAX ESTATE AGENCIES LTD.

CERTAIN TYPES OF LOAN MUST BE SECURED BY A MORTGAGE ON YOUR PROPERTY. WRITTEN QUOTATIONS ARE AVAILABLE ON REQUEST FROM YOUR LOCAL HALIFAX PROPERTY SERVICES BRANCH. ALL LOANS SUBJECT TO SATISFACTORY APPROVAL OF STATUS AND FINANCIAL STANDING AND ARE ONLY AVAILABLE TO PERSONS AGED 18 OR OVER.

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# Lanyon Davies & Evans

Estate Agents Surveyors & Valuers

6, GELLIWASTAD ROAD, PONTYPRIDD, CF37 2BP.

Telephone (01443) 406414

Fax No. (01443) 485437

WE ARE PLEASED TO PRESENT ANOTHER PROPERTY FOR SALE THROUGH  
THE OLDEST ESTABLISHED ESTATE AGENCY PRACTICE IN THE AREA.



THE AVENUE, COMMON, PONTYPRIDD

PURCHASE PRICE - £39,950

Ideal proposition for either first time purchasers or family occupation is provided this modern, three bedroom, gas centrally heated link house, with accommodation fully comprising hallway, lounge, open plan dining area, kitchen, rear porch, first floor bathroom/w.c. and garden.

## DIRECTIONS

From Gelliwastad Road, straight through traffic lights at junction with Taff Street Berw Road, over river bridge to roundabout, under flyover, taking first available road, up Cornerstones Hill to junction with Merthyr Road, straight across Merthyr Road to Common Road, taking the first turning left into The Avenue. The property may be found a short distance along on the left hand side of the road.

**WE ASSURE YOU A PERSONAL AND PROFESSIONAL SERVICE  
WITH UNRIVALLED LOCAL EXPERIENCE**

ALSO AT

26, YNYSMEURIG ROAD, ABERCYNON, CF45 4SY.

Telephone (01443) 740283 Fax No. (01443) 742119

Particulars are intended only as a guide to prospective Purchasers to enable them to decide whether to make further enquiries with a view to taking up negotiations but they are otherwise not intended to be relied upon in any way or in for any purpose whatever and accordingly neither their accuracy nor the continued availability of the property is in any way guaranteed and they are furnished on the expressed understanding that neither the Agents nor the Vendors are to be or become under any liability or claim in respect of their contents. The Vendor does not hereby or give nor do Messrs. Lanyon, Davies & Evans nor any partner in or Employee of Messrs. Lanyon, Davies & Evans have any authority to make or give any representation or warranty whatsoever as regards the property or otherwise. All particulars are issued with the understanding that negotiations are conducted through this office. A permit-to-view this Property constitutes acceptance of these terms.

# For Sale Via Lanyon Davies & Evans

47, THE AVENUE, COMMON, PONTYPRIDD

WE HAVE BEEN GIVEN TO UNDERSTAND THE PROPERTY

IS LEASEHOLD, ORIGINAL 99 YEAR LEASE - GROUND RENT £15.00 PER ANNUM.

A sought after location, adjacent to the Common and affording access to Pontypridd Town Centre, with all it's amenities and also the main areas via Trunk Road and Motorway Network.

The property affords pleasant outlook from rear elevation. Early viewing a must.

## ACCOMMODATION COMPRISES (Approximate Dimensions)

### GROUND FLOOR

Entrance Hallway - Part glazed door with glazed side screen, telephone point, service meter.

Lounge - 14' x 13'8" - Window to front, understair cupboard, Baxi gas fire with back boiler for central heating and domestic water.

Dining Area - 8'6" x 7'10" - L-Shaped and open plan to lounge, window facing rear with distant views, radiator.

Kitchen - 9'2" x 8' - Stainless steel sink unit, base and wall cupboards, tiled walls, plumbing for automatic washing machine, window again facing rear, half-glazed door to:-

Porch - Half-glazed walls, perspex roof, half-glazed door giving access to garden.

### FIRST FLOOR

Landing Area - Airing cupboard, power point, loft access.

Bedroom No. 1 - 10'10" x 10'11" - Recessed double wardrobe, radiator, power point, window to rear with distant views.

Bedroom No. 2 - 9'5" x 9'6" - Again, with recessed double wardrobe, radiator, power point, window to front.

Bedroom No. 3 - 6'7" x 7'7" - Window to front, radiator, power point.

Bathroom/W.C. - Three piece suite in white, radiator, window to rear.

Exterior - Small forecourt. Enclosed rear garden with variety of shrubs, lane access to:-

# For Sale Via Lanyon Davies & Evans

17, THE AVENUE, COMMON, PONTYPRIDD

Viewing - Strictly by prior arrangement via our office.

I.B. - ONLY ITEMS LISTED (IF ANY) WITHIN THIS SPECIFICATION ARE INCLUDED  
IN THE ASKING PRICE.

ANY VARIATION TO THE ABOVE MUST BE CONFIRMED IN WRITING PRIOR TO  
CONTRACTS BEING RAISED.

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standing that neither the Agents nor the Vendors are to be or become under any liability or claim in respect of their contents. The Vendor does not hereby or give nor do Messrs. Lanyon, Davies & Evans nor  
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Telephone (01443) 406414

Fax No. (01443) 485437

ARE PLEASED TO PRESENT ANOTHER PROPERTY FOR SALE THROUGH  
THE OLDEST ESTABLISHED ESTATE AGENCY PRACTICE IN THE AREA.



## LTOP CRESCENT, COMMON, PONTYPRIDD - PURCHASE PRICE £89,500

residential location. Spacious modern detached family home comprising entrance hall with cloaks/w.c., lounge, separate dining room, kitchen/breakfast room, utility four bedrooms, bathroom/w.c. with shower, mature screened gardens, garage.

### CTIONS

Gelliwastad Road, through traffic lights at junction with Berw Road and Taff Street, river bridge to roundabout, under flyover, turning left up Cornstores Hill to junction Merthyr Road, straight across Merthyr Road into Common Road, taking third turning to Ty Gwyn Road and first turning right into Hilltop Crescent.

**WE ASSURE YOU A PERSONAL AND PROFESSIONAL SERVICE**

**WITH UNRIVALLED LOCAL EXPERIENCE**

ALSO AT

26, YNYSMEURIG ROAD, ABERCYNON, CF45 4SY.

Telephone (01443) 740283 Fax No. (01443) 742119

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# For Sale Via Lanyon Davies & Evans

HILLTOP CRESCENT, COMMON, PONTYPRIDD

DEEDS - WE HAVE BEEN GIVEN TO UNDERSTAND

THE PROPERTY IS FREEHOLD

occupying a pleasant position with views across Valley from rear elevation, in this much sought after residential area of Pontypridd.

In our opinion, the house offers well proportioned accommodation, complimented by gas central heating and partial U.P.V.C. double glazing.

Well situated for the amenities of this market township and also being well placed for commuting to all main areas via Trunk Road and Motorway Network.

## ACCOMMODATION COMPRISES

(Approximate Dimensions)

### GROUND FLOOR

Entrance Lobby - With U.P.V.C. double glazed door and side screen.

- Glazed door and side screen, parquet floor, telephone point, double radiator, power point, artexed ceiling.

Kitchen/W.C. - Low level suite, wash hand basin, radiator, U.P.V.C. double glazed window, artexed ceiling.

Living Room - 18'9" x 12' - Two windows facing front, secondary glazing and radiators below, carpet floor, tiled firegrate with gas fire inset therein, artexed ceiling, double wooden door to:-

Bed Room - 14'8" x 10'1" - Window to rear with secondary glazing, radiator below, fitted wardrobe, artexed ceiling, door to:-

Dining/Breakfast Room - 13'5" x 11'4" - U.P.V.C. double glazed window overlooking private garden, stainless steel sink unit with base, wall and tall storage cupboards, having tiled floor, radiator, understair recess with freestanding Potterton gas boiler for central heating, domestic water, artexed ceiling, U.P.V.C. double glazed door to rear with door to:-

Bathroom - 8'2" x 6'2" - Stainless steel sink unit with tiled surround, plumbing for electric washing machine, window overlooking rear with secondary glazing, artexed ceiling.

### FIRST FLOOR

Attic - Power point, airing cupboard, artexed ceiling, loft access.

Bed Room No. 1 - 13'8" x 11'2" - Large recessed wardrobes, radiator, window to rear with secondary glazing and views across Valley.

Bed Room No. 2 - 12'7" x 12'1" - Recessed wardrobes to one wall, window to front, radiator, artexed ceiling.

/Cont'd...

# For Sale Via Lanyon Davies & Evans

HILLTOP CRESCENT, COMMON, PONTYPRIDD, CONTINUED.....

room No. 3 - 9'11" x 8'4" - U.P.V.C. double glazed window to rear, again with pleasant outlook, radiator below, recessed single wardrobe, artexed ceiling.

room No. 4 - 9'6" x 8'9" - Window to front, radiator, artexed ceiling.

room/W.C. - Panelled bath with Style 400X shower over, tiling to walls, pedestal wash basin, low level w.c., window to side with secondary glazing, radiator, artexed ceiling.

garden - Screened front garden with lawns, flower borders and beds, conifers, shrubbery and driveway to garage - single car size - up-and-over door, power supply, service meters, including water meter. Pedestrian access either side of property to enclosed and paved rear garden with large patio, good sized lawn, flower borders, shrubs, trees etc. with views across Valley.

viewing - Strictly by prior arrangement via our office.

- ONLY ITEMS LISTED (IF ANY) WITHIN THIS SPECIFICATION ARE INCLUDED IN ASKING PRICE.

VARIATION TO THE ABOVE MUST BE CONFIRMED IN WRITING PRIOR TO TRACTS BEING RAISED.

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# Peter Mulcahy

64 Albany Road, Roath

Cardiff (01222) 496452

48 Cowbridge Road East

Cardiff (01222) 224296

771 Newport Road, Rumney

Cardiff (01222) 793388

31 Windsor Road, Penarth

Cardiff (01222) 705811

30 Cardiff Road, Dinas Powys

Cardiff (01222) 515123

26 Bedwlwyn Road, Ystrad Mynach

Hengoed (01443) 815760

5 Taff Vale Precinct

Pontypridd (01443) 407917

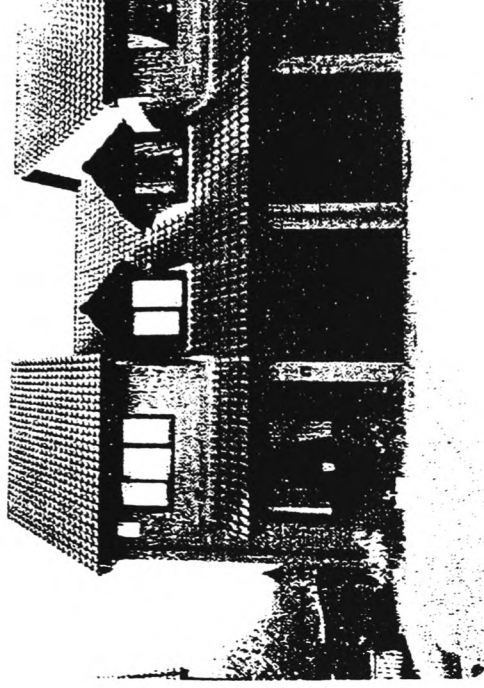
**Free Valuation**

**No Sale - No Fee**



# Peter Mulcahy

SOUTH WALES' LARGEST FAMILY RUN ESTATE AGENTS



Viewing strictly by appointment  
Through the local office

Principals: Peter Mulcahy (FNAEA)    Judith Mulcahy  
Partners: Robert Mulcahy (ANAEA)    Lisa Mulcahy    Associate : Christopher Barker (FNAEA)

**5 BRYN AUR, RISING WOOD,  
COED-Y-CWM, NR. PONTYPRIDD.**

**FIRST FLOOR:**  
**LANDING:**

**FREEHOLD, FOUR BEDROOM SEMI DETACHED HOUSE SET IN PLEASANT CUL-DE-SAC.** Gas central heating and double glazing. Hall with cloakroom/wc., lounge with box bay window, fitted Lined Oak coloured kitchen/diner with integrated oven and hob, four bedrooms and bathroom. Front and rear gardens. Drive to integral garage.

Rising Wood is a development approximately 2 miles from Pontypridd town in the direction of Ynysybwl. Bus and train services in Pontypridd town. Access via A470 connects Merthyr, Cardiff and motorway.

**ACCOMMODATION:** (Approximate Dimensions)

**HALL:** Main entrance front door at side of property leads into hall. Stairway. Built in cupboard. Woodblock flooring. Door to integral garage. Patterned and textured ceiling.

**CLOAKS/WC:** Double glazed obscure window. Low level wc., wash hand basin with tiled splashback. Textured ceiling.

**LOUNGE:** 13'7" x 9'7". Double glazed box bay window to front. Patterned textured and coved ceiling.

**KITCHEN/DINER:** Kitchen 8'11" x 8'. Double glazed window to rear. Single drainer stainless steel sink unit set in range of Lined Oak coloured base and wall units. Integrated electric oven, gas hob and extractor vent. Splashback tiling around sink and work surfaces. Plumbed for washing machine. Wall mounted gas central heating boiler. Open access to dining area. **Dining area** 9'10" x 9'. Double glazed patio doors overlook rear garden. Woodblock flooring. Patterned textured and coved ceiling.

Loft access. Airing cupboard housing hot water cylinder. Textured ceiling. White panelled doors lead off to bedrooms.

**BEDROOM 1:** 14' x 9'8". Double glazed window to front. Textured ceiling.

**BEDROOM 2:** 9'3" x 8'8". Double glazed window to rear. Textured ceiling.

**BEDROOM 3:** 12'5" (Max) x 7'8". Double glazed window to front. Textured ceiling.

**BEDROOM 4:** 9'6" x 8'1". Double glazed window to rear. Textured ceiling.

**BATHROOM/W.C.:** Double glazed obscure window. Low level wc., pedestal wash hand basin, enclosed panelled bath with over bath electric shower. Extractor vent. Part tiled. Textured ceiling.

**HEATING:** Gas central heating. Wall mounted gas boiler in kitchen. Ten radiators.

**GARDENS:** FRONT: Lawned garden with driveway to side giving access to integral garage. Pathway gives access to. REAR: Paved patio area with garden laid in lawn. Garden shed. Cold water tap. Integral garage. Up and over door. Power and light available.

**GARAGE:** Up and over door. Power and light available.

**TENURE:** We are advised the property is FREEHOLD, to be confirmed.

**DIRECTIONS:** From Pontypridd travel towards Ynysybwl. Approx. 2 miles pass Glyncoch School on left, around bend and take next right as signposted Coed-y-Cwm. Over bridge, turn right, travel through Coed-y-Cwm into Rising Wood development. First left turning into Bryn Aur and the property is on the left in cul-de-sac.

**PRICE: £61,500 FREEHOLD**





*The name that Sells!*



PRICE £73,950

PONTYPRIDD BRANCH  
 94 Taff Street  
 Pontypridd  
 Mid Glamorgan  
 CF37 4SL  
 Telephone (01443) 485600

\*\*\*\*\*  
 \*  
 \* 18 FENCOED AVENUE \*  
 \* THE COMMON \*  
 \* PONTYPRIDD \*  
 \*  
 \*\*\*\*\*  
 24/2825-8  
 301/SLM

**LOCATION** In one of Pontypridd's most prestigious locations is Fencloed Avenue, a pleasant road. Pontypridd market town is well served with shops, schools at all levels, college, university, churches, recreational facilities, buses and trains. The A470 giving access to Cardiff and the motorway.

**FEATURES** \* AN IMPROVED SEMI DETACHED FAMILY HOUSE WITH PORCH HAVING DOUBLE GLAZED DOOR, PANEL AND EXPOSED BRICK WALL, HALL, TWO ACTIVELY DECORATED RECEPTION ROOMS WITH LIVING FLAME EFFECT GAS FIRE THE LOUNGE AND OPEN PLAN FROM THE DINING ROOM TO THE WELL FITTED KITCHEN WITH BUILT UNDER COOKER \* ON THE FIRST FLOOR THE LANDING WITH DOOR TILT AND TURN WINDOW LEADS TO THE THREE NICE BEDROOMS AND ACTIVELY TILED BATHROOM THAT HAS AN INSTANT SHOWER \* THE PROPERTY HAS THE BENEFIT OF UPVC DOUBLE GLAZED WINDOWS, FRONT GARDEN, REAR GARDEN, DRIVE AND GARAGE \* IN ADDITION THERE IS GAS FIRED CENTRAL HEATING \*

**LOCATIONS** Leave Pontypridd via Bridge Street. Under the A470 to Merthyr Road, across Merthyr Road and up Common Road bearing right at the top of the hill. Fencloed Avenue is on the left hand side.

**DISCLAIMER** We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

**UTILITIES** (not tested) Mains gas, electricity, water and drainage.

**VIEWING** Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

24/2825-8

STORAGE (CU4128)

Mortgage facilities available - Free mortgage advice. Contact Andrew Davies at our Pontypridd Office. Tel: (01443) 485694.

ACCOMMODATION COMPRISES:

- FRONT DOOR UPVC double glazed door and panel. Exposed brick wall.
- LIVING ROOM Glazed door and panel. Textured ceiling. Telephone point. Double power point. Central heating thermostat. Radiator. Carpet. Under stairs storage space. Useful tall cupboard.
- DINING ROOM 13'2" x 12'10" into alcoves. UPVC double glazed window to front. Baxi Living flame effect gas fire and feature surround. Radiator. Coved and textured ceiling. Six power points. Carpet. A very pleasant room. Glazed double doors to ...
- BED ROOM 11' x 11'. UPVC double glazed window to rear. Pleasantly decorated nice size room. Radiator. Six power points. Textured ceiling. Carpet. Open to ...
- BATHROOM 8'2" x 8'. UPVC double glazed window to rear. One and half bowl sink unit and mixer tap set in round edge work surfaces. Tiled surround. An attractive range of fitted matching medium oak wall and floor units, double fronted glass units, four drawers, plumbed for automatic washing machine. Gas and nine electric points. Carrera built under cooker, fan oven, four ring gas hob, cooker hood. Textured ceiling. Fluorescent light. Under stairs cupboard with double power point. UPVC double glazed door. Floor covering.
- FLOOR
- REAR WINDOW UPVC double glazed tilt and turn window. Attractively decorated. Carpet.

24/2825-8

BEDROOM 1 12'8" x 10'4" (opening to 12'10"). UPVC double glazed window to front. Radiator. Five power points. Good size room. Double size airing cupboard with lagged copper tank, shelves and hanging space.

BEDROOM 2 8'4" x 7'6". UPVC double glazed window to front. Radiator. Three power points. Carpet.

BEDROOM 3 12'2" x 10'11" plus walkway. UPVC double glazed window to rear. Pleasant size room. Radiator. Six power points. Carpet. Double fitted wardrobe and linen cupboard over.

BATHROOM Modern panelled bath, wash hand basin in vanity unit, close coupled w.c. Radiator. Most attractively tiled walls. Textured ceiling. Fluorescent light. Extractor fan. UPVC double glazed window. Carpet. Triton T100 E instant shower. A lovely bathroom.

LOFT LOFT Ladder and part boarded, electric light.

SIDE

COURTYARD Lawn, bed of shrubs, paved patio area of a good size, outside light, steps, path to side.

PATIO Paved patio area and railings around, lawn, conifers, outside light, gate and drive.

FRONT PORCH 16'3" x 8'6". Up and over door, double power point, light.

While we endeavour to make our details accurate and reliable, if there is any point which is of particular importance to you, please contact the office and we will be pleased to confirm the position for you. We have not personally tested any apparatus, equipment, fixtures, fittings or services and cannot verify they are in working order or fit for their purposes.

Nothing in these particulars is intended to indicate that any carpets or curtains, furnishings or fittings, electrical goods (whether wired in or not), gas fires or light fittings or any other fixtures not expressly included form part of the property offered for sale.

12/3/98

*A. J. Holland*

# Peter Alan

A Principality Building Society Company

The name that Sells!

\*

\*

PONTYPRIDD BRANCH  
94 Taff Street  
Pontypridd  
Mid Glamorgan  
CF37 4SL  
Telephone (01443) 485600

ENQUIRE AT RECEPTION  
FOR PHOTOGRAPH

\*\*\*\*\*

\* \* \*

\* TY NEWYDD \* \*

\* THE AVENUE \* \*

\* THE COMMON \* \*

\* PONTYPRIDD \* \*

\*\*\*\*\*

\*

\*

24/2513-0  
301/LH

PRICE £65,000

LOCATION The Common is one of Pontypridd's prestigious residential areas. Pontypridd market town is well served with shops, schools at all levels, college, university, churches, recreational facilities, buses and trains. The A470 giving access to Cardiff, Merthyr and the Motorway.

FEATURES \* A MODERN STYLE DETACHED HOUSE \* HALL \* THREE RECEPTION ROOMS \* GOOD SIZE KITCHEN WITH FITTED UNITS \* THREE NICE SIZE BEDROOMS \* BATHROOM WITH SEPARATE W.C. \* THE PROPERTY HAS THE BENEFIT OF GAS COMBINATION CENTRAL HEATING \* HARDSTANDING FOR CARS \* REAR GARDEN \*

DIRECTIONS Leave Pontypridd via Bridge Street. Under the A470 to Merthyr Road. Go straight across, up Common Road taking the first turning on the left and Ty Newydd is on the left hand side.

## ENURE

We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

SERVICES (not tested)

Mains gas, electricity, water and drainage.

## VIEW

Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

## MORTGAGE

Mortgage facilities available - Free mortgage advice. Contact Wayne Lewis at our Pontypridd Office. Tel: (01443) 485694.

# Peter Alan

A Principality Building Society Company

*the name that Sells!*

24/2513-0

THE ACCOMMODATION COMPRISES:

- ALL Half glazed door. Glazed panel. Coved and textured ceiling. Radiator. Central heating thermostat. Double power point. Telephone point. Carpet.
- BUNGE 14'8" x 7'8". Window to front. Radiator. Coved and textured ceiling. Four power points. Carpet.
- SITTING ROOM 11'4" x 10'10" plus walkway. Double glazed patio doors to rear. Textured ceiling. Double power point. Carpet.
- DINING ROOM 11'9" x 11'3". Window to rear. Textured ceiling. Radiator. Double power point. Carpet.
- The sitting room and dining room together make a spacious 23' room.
- KITCHEN 14'7" x 8'7". Window to front. Fitted modern wall and floor units. Gallery unit, glass units and drawers. Plumbed for automatic washing machine. Seven power points. Gas combination central heating boiler and double radiator. Coved and textured ceiling. Spot light fitting. Stainless steel sink unit and mixer tap set in round edge work surface. Tiled splash backs. Half glazed door.
- FIRST FLOOR
- HALL Window. Double power point. Access to Loft.
- BEDROOM 1 14' x 11'8". Window to front. Coved and textured ceiling. Radiator. Four power points. Carpet. A nice size master bedroom.
- BEDROOM 2 10'10" x 7'9". Window to front. Radiator. Double power point. Textured ceiling. Carpet. Built in single wardrobe.

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24/2513-0

BEDROOM 3

11'8" x 8'5". Window to rear and outlook. Radiator. Textured ceiling. Double power point. Carpet.

BATHROOM/W.C.

8'4" x 7'8". Window. Champagne suite comprising panel bath, pedestal wash hand basin and low level w.c. Radiator. Tiled walls. Textured ceiling.

ADDITIONAL W.C.

Separate low level w.c. Radiator. Window.

OUTSIDE

FRONT

Handstanding for cars. Gate to side. Shared path.

REAR

Patio. Steps to garden with gate.

NOTE

While we endeavour to make our details accurate and reliable, if there is any point which is of particular importance to you, please contact the office and we will be pleased to confirm the position for you. We have not personally tested any apparatus, equipment, fixtures, fittings or services and cannot verify they are in working order or fit for their purposes.

Nothing in these particulars is intended to indicate that any carpets or curtains, furnishings or fittings, electrical goods (whether wired in or not), gas fires or light fittings or any other fixtures not expressly included form part of the property offered for sale.

# Peter Alan

A Principality Building Society Company

*the name that Sells!*



PRICE £59,950

PONTYPRIDD BRANCH  
94 Taff Street  
Pontypridd  
Mid Glamorgan  
CF37 4SL  
Telephone (01443) 485600

\*\*\*\*\*

\* 9 RIDGEWAY CLOSE \*  
\* GRAIGWEN \*  
\* PONTYPRIDD \*  
\* \*  
\*\*\*\*\*

24/2694-8  
301/SLM

**LOCATION** Situated in the popular Graigwen district of Pontypridd. Pontypridd market town is well served with shops, schools at all levels, college, university, churches, recreational facilities, buses and trains. The A470 giving access to Cardiff, Merthyr and the Motorway.

**FEATURES** \* THREE/FOUR BEDROOM SEMI DETACHED HOUSE IN THIS POPULAR DISTRICT \* OFFERING GENEROUS SIZE ACCOMMODATION WHICH NEEDS TO BE VIEWED. ACCOMMODATION COMPRISES ENTRANCE PORCH LEADING INTO HALLWAY, GENEROUS LIVING ROOM AND DINING ROOM, FITTED KITCHEN WITH SPACE FOR BREAKFAST TABLE, BUILT IN OVEN, HOB AND EXTRACTOR. UTILITY ROOM WITH CLOAKROOM/W.C. GARAGE EXTENSION THAT HAS BEEN INTERNALLY EXTENDED TO CREATE A FOURTH BEDROOM AND STUDY ROOM \* TO THE FIRST FLOOR THERE ARE THREE GOOD BEDROOMS (THIS PROPERTY HAS A VIEW FROM THE REAR BEDROOM OVER SARDIS AND PONTYPRIDD RUGBY CLUB) PLUS BATHROOM WITH POWER SHOWER \* PROPERTY BENEFITS FROM DOUBLE GLAZING, GAS FIRED CENTRAL HEATING AND RADIATOR SYSTEM \* GARDENS TO FRONT AND REAR WITH SIDE ACCESS, PARKING ON DRIVEWAY \* VIEWING STRONGLY RECOMMENDED \*

**CONDITIONS** Please ask at office.

**REMARKS** We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

**FINANCING** (not tested) Mains gas, electricity, water and drainage.

**VIEWING** Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

# Peter Alan

A Principality Building Society Company

*the name that Sells!*

24/2694-8

**GAGE** Mortgage facilities available - Free mortgage advice. Contact Andrew Davies at our Pontypridd Office. Tel: (01443) 485694.

**ACCOMMODATION COMPRISES:**

**H** Entered via glazed panelled sliding doorway to front. Glazed panelled inner door leading to hallway.

**WAY** Telephone point. Double radiator. Stairs to first floor. Under stairs storage cupboard. Alarm panel. Power points. Coved ceiling.

**GE** 14'3" x 14'3". With window to front. Coved ceiling. Living flame gas fire (by negotiation). Single radiator with thermostatic control. Power points. TV point. Glazed panelled sliding door leading to dining room.

**NG ROOM** 11'4" x 11'6". Double glazed patio doorway to rear. Coved ceiling. Radiator. Power points.

**EN** 11'6" x 9'11". With a range of wall and floor units plus one glass fronted display cabinet. Double glazed window to rear. Wall mounted central heating boiler. Built in oven with halogen hob and extractor fan. Sink unit with mixer tap. Plumbing for washing machine. Space for breakfast table. Textured and coved ceiling with spot lights. Power points. Work surfaces. Wall mounted central heating controls. Half glazed doorway to utility area.

**TY AREA** Space for freezer. Pantry cupboard. Double glazed doorway to rear. Steps up to the original garage (now converted to create two rooms).

**ROOM** 6'3" x 9'8". The first being study room, which the current vendor use as a library. Radiator. Window to side.



24/2694-8

- TH BEDROOM/OFFICE ROOM 9'2" x 9'. The a further room easily used as fourth bedroom or office room. Double glazed window to front. Radiator. Power points. Storage cupboard.
- (S/W.C. Double glazed window to rear. W.C. and wall mounted wash hand basin.
- F FLOOR
- ING Access to all first floor rooms. Access to partially boarded loft with ladder. Airing cupboard. Window to side.
- OM 1 14'3" x 11'9" (to wall). Double glazed window to front. Radiator. Textured and coved ceiling. One wall of fitted robes with an abundance of hanging and storage space plus built in dressing table area. Power points.
- OM 2 11'5" x 9'6". Double glazed window to rear (view from the rear window takes in Sardis Road and Pontypridd Rugby Club). Double cupboard. Textured ceiling. Radiator.
- OM 3 9' x 9'. Double glazed window to front. Radiator. Textured ceiling. Power points. Storage box. Single cupboard.
- OM With double glazed window to rear. Bath, wash hand basin, w.c. Double radiator. Power shower over bath, extractor fan. Tiled splash backs.
- DE
- Laid to lawn with flower borders and rockery. Steps down, giving access to side.
- Pathway to to side with wrought iron gate.
- Balcony/terrace. Access from patio and garden plus lower patio, lower lawn and flower borders with an abundance of trees and shrubs.

# Lanyon Davies & Evans

Estate Agents Surveyors & Valuers

6, GELLIWASTAD ROAD, PONTYPRIDD, CF37 2BP.

Telephone (01443) 406414

Fax No. (01443) 485437

ARE PLEASED TO PRESENT ANOTHER PROPERTY FOR SALE THROUGH  
THE OLDEST ESTABLISHED ESTATE AGENCY PRACTICE IN THE AREA.



RAIG-YR-HELFA FARM, COMMON, PONTYPRIDD

PURCHASE PRICE - £155,000

NATURE - WE HAVE BEEN GIVEN TO UNDERSTAND

WHAT THE PROPERTY IS FREEHOLD

## DIRECTIONS

Travelling northwards from Cardiff/M4 on A470 Trunk Road taking Pontypridd/Ynysybwl  
Lane off, taking 4th turning left off roundabout (immediately after passing under fly  
over), uphill to crossroads, straight across into Common Road, turning right at the  
crossroads into Hospital Road, continuing into Rockingstone Terrace and turning left into  
the lane (immediately after turning for Moorland Heights), following the lane round into  
Raig-yr-Helfa Farm.

**WE ASSURE YOU A PERSONAL AND PROFESSIONAL SERVICE  
WITH UNRIVALLED LOCAL EXPERIENCE**

**ALSO AT**

**26, YNYSMEURIG ROAD, ABERCYNON, CF45 4SY.  
Telephone (01443) 740283 Fax No. (01443) 742119**

These particulars are intended only as a guide to prospective Purchasers to enable them to decide whether to make further enquiries with a view to taking up negotiations but they are otherwise not intended to be relied upon in any way or in for any purpose whatsoever and accordingly neither their accuracy nor the continued availability of the property is in any way guaranteed and they are furnished on the expressed understanding that neither the Agents nor the Vendors are to be or become under any liability or claim in respect of their contents. The Vendor does not hereby or give nor do Messrs Lanyon, Davies & Evans nor any of their Agents or Employees of Messrs Lanyon, Davies & Evans have any authority to make or give any representation or warranty whatsoever as regards the property or otherwise. All particulars are issued subject to the condition that negotiations are conducted through this office. A permit-to-view this Property constitutes acceptance of these terms.

# For Sale Via Lanyon Davies & Evans

## AIG-YR-HELFA FARM, COMMON, PONTYPRIDD

ideal proposition for those enjoying country pursuits, yet requiring access to all main areas.

double fronted period semi-detached farmhouse located in this most sought after area of Pontypridd. Whilst enjoying a secluded position, the property affords ease of access to the Town Centre with all its amenities and is also conveniently situated for commuting to all the main areas via Trunk Road and Motorway Network.

The property has in recent years been sympathetically modernised and extended by the present vendors, yet retains its original character.

Effectively the centrally heated accommodation comprises lounge with a stone floor, beamed ceiling and multi-fuel stove, stone spiral staircase, living room with stone fireplace and timbered ceiling, kitchen/diner with multi-fuel combination stove, inner hallway with staircase to first floor, three bedrooms with beamed ceilings and bathroom/w.c with antique bath.

The farmhouse is set in mature gardens with small pony paddock, lawned areas with variety of plants, shrubs, natural pond, fruit trees, kitchen garden area, additional pergola and ornamental fish pond with fountain to front, whilst one side is a long driveway with additional lawned area and duck pond and whilst at the rear there is a yard, stone built stables with centre garage facility and loft above, together with many plants, shrubs etc.

In addition the vendors at present have grazing rights on approximately an additional 10 acres and we have been given to understand it may be possible for new purchasers to enjoy a similar facility, although we would recommend any potential purchasers at this point is clarified by their Solicitors prior to entering into Contract documentation.

Why does a property of this type become available in such a location. A viewing is essential to fully appreciate all the qualities and an early inspection is strongly recommended.



# For Sale Via Lanyon Davies & Evans

HAIG YR HELFA FARM, COMMON, PONTYPRIDD, CONTINUED

ACCOMMODATION COMPRISES  
(Approximate Dimensions)

## GROUND FLOOR

Lounge - 16' x 15'6" - Multi-paned window and door to front, stone floor, recessed multi-fuel stove inset with original bread oven to one side, beamed and timbered ceiling, double radiator, door and stone spiral staircase to main bedroom, door to:-

Awaiting  
photo

Living Room - 16'9" x 13'1" - Stone walls, multi-paned windows to front, stone fireplace with living flame gas fire inset therein, double radiator, beamed and timbered ceiling, door to:-



Bedroom - 14'3" x 8'11" - Main staircase to first floor, u.P.V.C. Georgian style double glazed window to rear, radiator, feature beamed ceiling, door to:-

Kitchen/Diner - 21'6" x 8'9" - Door from lounge, ceramic tiled floor, u.P.V.C. double glazed Georgian style windows together with u.P.V.C. barn style door giving access to yard, double radiator, sink with hot and cold taps above, plumbing for automatic washing machine, electric cooker point, Superheat multi-fuel range which also provides central heating and domestic water, extractor fan, feature beamed ceiling.

## FIRST FLOOR

Bedroom - Exposed and stained floorboards, beamed ceiling, u.P.V.C. double glazed Georgian style window to rear.

/Cont'd....

# For Sale Via Lanyon Davies & Evans

## AIG-YR-HELFA FARM, COMMON, PONTYPRIDD, CONTINUED

Room No. 1 - 18' x 15' - Multi-paned window to front, double radiator, power points, telephone point, beamed ceiling, coloured leaded screen to landing area.

Room No. 2 - 16'3" x 15'10" average - Again with multi-paned window to front, double radiator, power points, beamed ceiling.

Room No. 3 - 12' max x 9'1" max - L shaped, sloping beamed ceiling, radiator, power points, Georgian style u.P.V.C. double glazed window to rear.

Room/W.C. - 9'6" x 8'4" - Antique bath and wash-hand basin, high level w.c., tiled and stained floorboards, u.P.V.C. double glazed Georgian style window to rear, sloping beamed ceiling, extractor fan, walk-in airing cupboard/store.



Prior - As indicated earlier, small pony paddock to front, long driveway to side access onto formal front gardens with lawned areas, variety of shrubs, plants, etc. including fruit trees, kitchen garden, natural pond, access via arched privet hedge and large pergola into inner front garden with large ornamental fish pond having fountain, lawn and flower bed. Side garden, again with lawn, patio area and access to rear garden with yard, duck pond, variety of shrubs, trees, plants, etc. and with access to stone built stable block with centre garaging facility and having loft above.

Viewing - Strictly by prior arrangement via our office.

**NOTE - ONLY ITEMS LISTED (IF ANY) WITHIN THIS SPECIFICATION ARE INCLUDED IN THE ASKING PRICE.**

**ANY VARIATION TO THE ABOVE MUST BE CONFIRMED IN WRITING PRIOR TO CONTRACTS BEING RAISED.**

# Lanyon Davies & Evans

Estate Agents Surveyors & Valuers

6, GELLIWASTAD ROAD, PONTYPRIDD, CF37 2BP.

Telephone (01443) 406414

Fax No. (01443) 485437

ARE PLEASED TO PRESENT ANOTHER PROPERTY FOR SALE THROUGH  
THE OLDEST ESTABLISHED ESTATE AGENCY PRACTICE IN THE AREA.

AWAITING  
PHOTOGRAPH

HEOL TY MAEN, UPPER BOAT, PONTYPRIDD - PURCHASE PRICE - £64,950

Two storey extension and large double glazed Victorian style conservatory are features of this 4 bedroom semi occupying a pleasant cul-de-sac location and comprising hallway, fronted lounge, separate dining room, kitchen/breakfast room, u.P.V.C. double glazed conservatory, bathroom/w.c. with shower, Georgian style u.P.V.C. double glazing, central heating, security system, re-rendered elevations, pleasant gardens with lawn and car parking. Easy access to all main areas.

## INSTRUCTIONS

On travelling from Pontypridd towards Cardiff on the A470 Trunk Road take the Upper Boat/Treforest Trading Estate exit, down to roundabout taking third turning left. The property will be found some distance along on the right hand side.

**WE ASSURE YOU A PERSONAL AND PROFESSIONAL SERVICE  
WITH UNRIVALLED LOCAL EXPERIENCE**

ALSO AT

26, YNYSMEURIG ROAD, ABERCYNON, CF45 4SY.

Telephone (01443) 740283 Fax No. (01443) 742119

These particulars are intended only as a guide to prospective Purchasers to enable them to decide whether to make further enquiries with a view to taking up negotiations but they are otherwise not intended to be relied upon in any way or in for any purpose whatever and accordingly neither their accuracy nor the continued availability of the property is in any way guaranteed and they are furnished on the expressed understanding that neither the Agents nor the Vendors are to be or become under any liability or claim in respect of their contents. The Vendor does not hereby or give nor do Messrs Lanyon, Davies & Evans nor any of their Partners, Directors, Officers, Agents, Employees or any other persons in or Employee of Messrs. Lanyon, Davies & Evans have any authority to make or give any representation or warranty whatsoever as regards the property or otherwise. All particulars are issued subject to the condition that negotiations are conducted through this office. A permit-to-view this Property constitutes acceptance of these terms.

# For Sale Via Lanyon Davies & Evans

2 HEOL TY MAEN, UPPER BOAT, PONTYPRIDD

ENURE - WE HAVE BEEN GIVEN TO UNDERSTAND

HAT THE PROPERTY IS FREEHOLD

Internal inspection is essential to appreciate all the qualities of what, in our opinion, is an ideal family home. Additional features include brass door furniture with brass handles to double glazed windows (tilt'n'turn to front elevation) together with brass light switches to hall, lounge, dining room and Master Bedroom.

As indicated earlier the property is centrally heated by gas with individual thermostats to each radiator.

Set in mature, level gardens within close proximity of the superstores at Upper Boat, various restaurants etc. and being well placed for commuting to Cardiff and main roads via the A470 Trunk Road and Motorway Network.

Early inspection highly recommended.

## ACCOMMODATION COMPRISES

(Approximate Dimensions)

### GROUND FLOOR

Hallway - u.P.V.C. door with coloured, leaded, double glazed inserts, dado rails, coved ceiling, telephone point, staircase to first floor.

Lounge - 18' x 9'10" - Bay window facing front with Georgian style u.P.V.C. double glazing, attractive cast iron fireplace with Living Flame gas fire, slate hearth with tique pine fire surround, double radiator, dado rails, coved ceiling, multi-paned double doors to kitchen/breakfast room.

Dining Room - 10'4" x 9'6" - Door from hallway, dado rails, radiator, understair store, gas fire with back boiler for central heating and domestic water, artexed ceiling, double glazed patio doors to:-

Conservatory - 16'4" x 9'4" - "Victorian" design and having dwarf brick walls, u.P.V.C. double glazing, power points, Georgian style double doors to rear with matching door leading access to:-

Kitchen/Breakfast Room - 13'9" x 7'4" - Ceramic tiled floor, attractively fitted with sink unit, matching base and wall cupboards with tiled surrounds, electric cooker unit, breakfast bar, plumbing for automatic washing machine, coved ceiling, radiator, access to Dining Room, u.P.V.C. double glazed Georgian style window to rear.

Bedroom/W.C. - Door from hallway, Georgian style u.P.V.C. double glazed window opening front, pine panelled bath with Victoriana style shower mixer taps, additional electric shower above, part tiled walls with dado rails, low level w.c., radiator, pedestal wash-hand basin, artexed and coved ceiling.

/cont'd...

# For Sale Via Lanyon Davies & Evans

HEOL TY MAEN, UPPER BOAR, PONTYPRIDD, CONTINUED

## FIRST FLOOR

Living Area - Giving access to:-

Room No. 1 - 16' x 9'11" - u.P.V.C. double glazed Georgian style window facing front, radiator, dado rails, telephone point, power points, coved ceiling.

Room No. 2 - 13'10" x 7'6" - u.P.V.C. double glazed Georgian style window to front, radiator below, power points, artexed and coved ceiling.

Room No. 3 - 10'7" x 7'1" - u.P.V.C. double glazed Georgian style window to front, radiator, large recess airing cupboard with fitted immersion heater, power points, artexed ceiling.

Room No. 4 - 8'7" x 7'6" - u.P.V.C. double glazed Georgian style window to rear, radiator, power points, picture rails.

Front Garden - Attractively paved garden to front with shrubs, car hardstanding, side driveway access to good size enclosed and private level rear garden with patio and lawn.

Garage - Strictly by prior arrangement via our office.

Notes - ONLY ITEMS LISTED (IF ANY) WITHIN THIS SPECIFICATION ARE INCLUDED IN THE ASKING PRICE.

Conditions - VARIATION TO THE ABOVE MUST BE CONFIRMED IN WRITING PRIOR TO CONTRACTS BEING RAISED.

\*\*\*\*\*



# Peter Alan

A Principality Building Society Company

*the name that Sells!*

PONTYPRIDD BRANCH  
10 Church Street,  
Pontypridd,  
Mid Glamorgan.  
CF37 2TH  
Telephone (01443) 485600

ENQUIRE AT RECEPTION  
FOR PHOTOGRAPH

\*\*\*\*\*  
\* HIGH CORNER \*  
\* GRAIG YR HELFA ROAD \*  
\* PONTYPRIDD \*  
\* \*  
\*\*\*\*\*

24/1865-5  
301/LC

PRICE £125,000

LOCATION High Corner is situated between Glyn Taff and The Common (close to the round houses).

FEATURES \* DETACHED THREE BEDROOMED FAMILY HOUSE \* IN ELEVATED POSITION \* HALL \* LOUNGE WITH LIVING FLAME EFFECT GAS FIRE \* KITCHEN/DINING ROOM \* UTILITY \* SHOWER ROOM/CLOAKROOM \* THREE BEDROOMS \* BATHROOM \* GAS FIRED CENTRAL HEATING \* DOUBLE GLAZED WINDOWS \* CARPETS \* GARDEN TO FRONT \* PARKING FOR SEVERAL CARS \* GARAGE \* TERRACED REAR GARDEN \* VIEWING RECOMMENDED \*

DIRECTIONS High Corner can be approached via Common Road and Hospital Road. Or, alternatively from Glyn Taff and Graig Yr Helfa Road.

CONFIRMATION See overleaf.

TITLE We have been advised by the vendor that this property is Freehold, although we have not personally validated this. The buyer is advised to obtain verification from their solicitor or surveyor.

SERVICES Mains gas, electricity, water and drainage.

VIEW Strictly by appointment via our Pontypridd Office. Tel: (01443) 485600.

MORTGAGE Mortgage facilities available - Free mortgage advice. Contact our Pontypridd Office. Tel: (01443) 485600.

# Peter Alan

A Principality Building Society Company

*The name that Sells!*

24/1865-5

THE ACCOMMODATION COMPRISES:

- ARCH Aluminium double glazed door and panels. Cloaks cupboard. Telephone point. Textured ceiling. Arch to...
- HALL 12' x 7'7" (including stairs). Textured ceiling. Double radiator. Power point. Carpet.
- LIVING DUNGE 22' x 11'8" (opening into 19'8"). Aluminium double glazed windows to front. Upvc tilt and turn window to side. Aluminium double glazed patio doors to rear. Stone fireplace with living flame effect gas fire. Five power points. Carpet. Radiator. Coved and textured ceiling. Three pendant light points. Three wall light points.
- KITCHEN 20' x 11' (8' min). Upvc double glazed window to front. Stainless steel sink unit set in round edged work surface. Fitted units. Gas and six power points. Double and single radiator. Gas central heating boiler. Wood clad ceiling. Two pendant light points. Spot track. Spot light.
- UTILITY 8' x 3'8". Plumbed for washing machine. Double power points. Two windows. Stable door to side.
- BATHROOM/OAKROOM/SHOWER ROOM Pedestal wash hand basin and close coupled w.c. Tiled walls. Two windows. Tiled shower cubicle with Triton T80 instant shower.
- FIRST FLOOR
- LANDING Upvc double glazed window to front. Radiator. Textured ceiling. Power point. Carpet.
- BEDROOM 1 17'6" x 9'7". Upvc double glazed window to front. Double glazed window to rear. Coved and textured ceiling. Pendant light point. Two wall light points. Two power points. Two radiators. Double and single wardrobe. Dresser. Cupboards over. Telephone point. Carpet.

# Peter Alan

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24/1865-5

EDROOM 2

10' x 7' (opening to 10'3"). Upvc double glazed window to front. Radiator. Power point. Wood tiled floor. Radiator. Cupboard. Pendant and wall light point.

EDROOM 3

10' x 8'10". Double glazed window to rear. Radiator. Power point. Textured ceiling. Power point. Pendant and wall light point.

BATHROOM

9'9" x 6'11". Panelled bath, close coupled w.c. and wash hand basin. Tiled walls. Radiator. Airing cupboard. Mira shower and curtain. Double glazed window.

COURTSIDE

FRONT

Area used for parking. Lawn. Rockery. Shrubs. Outside light. Drive to garage. Gate and conifers to the side. Path and steps to the rear.

REAR

Patio area. Outside tap and light. Patio. Shrubs. Side path leading to front lawn.

GARAGE

17' x 12' (max). Florescent light. Double power point. Tap. Up and over door.

NOTE

While we endeavour to make our details accurate and reliable, if there is any point which is of particular importance to you, please contact the office and we will be pleased to confirm the position for you. We have not personally tested any apparatus, equipment, fixtures, fittings or services and cannot verify they are in working order or fit for their purposes.

Nothing in these particulars is intended to indicate that any carpets or curtains, furnishings or fittings, electrical goods (whether wired in or not), gas fires or light fittings or any other fixtures not expressly included form part of the property offered for sale.

# Peter Mulcahy

64 Albany Road, Roath

Cardiff (01222) 496452

48 Cowbridge Road East

Cardiff (01222) 224296

771 Newport Road, Rumney

Cardiff (01222) 793388

31 Windsor Road, Penarth

Cardiff (01222) 705811

30 Cardiff Road, Dinas Powys

Cardiff (01222) 515123

26 Bedwlyn Road, Ystrad Mynach

Hengoed (01443) 815760

5 Taff Vale Precinct

Pontypridd (01443) 407917

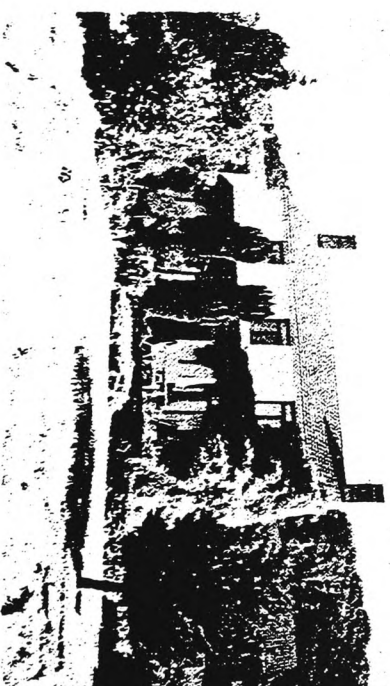
**Free Valuation**

**No Sale - No Fee**



# Peter Mulcahy

SOUTH WALES' LARGEST FAMILY RUN ESTATE AGENTS



Viewing strictly by appointment  
Through the local office

**"ASHGROVE," GLYNTAFF ROAD, GLYNTAFF,  
PONTYPRIDD.**

DETACHED DOUBLE FRONTED HOUSE OF CHARACTER WITH  
OUTLINE PLANNING PERMISSION FOR A DETACHED HOUSE  
WITH GARAGE IN ITS GROUNDS.

Hall, bay fronted lounge with beamed ceiling and multifuel stove set  
in exposed stone breast wall, bay fronted sitting room, dining room  
with beamed ceiling, spacious kitchen/breakfast room, utility room and  
separate wc., three nice size bedrooms, large family bathroom plus en  
suite bathroom to master bedroom. GAS CENTRAL HEATING.  
Extensive gardens in lawns with shrubs, plants and trees, sun patio  
and bar-b-que area.

Situated just off the A470 at Glyntaff which leads into Cardiff and  
connects with the M4 motorway.

**ACCOMMODATION:** (Approximate Dimensions)

**HALL:** Main entrance front door into hallway. Stairway.

**LOUNGE:** 15' x 12'4". Bay window overlooking front  
garden. Multifuel stove set in exposed stone  
breast wall. Beamed ceiling. Access to:

**DINING ROOM:** 12' x 9'. Window. Beamed ceiling.

**SITTING ROOM:** 12' x 15' (into bay). Bay window overlooking front  
garden. Living Flame gas open fire in attractive  
fireplace. Pleasant sitting room.

**KITCHEN:** 15'9" x 8'9". Two leaded windows. Abundance of  
matching wall and base units incorporating single  
drainer stainless steel sink unit. (Cooker and  
deep fat fryer are not included and will not  
remain). Good size kitchen with breakfast area.

**UTILITY ROOM:** 11' x 6'9". Window. Door to side. Plumbed for  
washing machine. Access to wc.

**WC:** Low level w.c. and wash hand basin. Half tiled.

**FIRST FLOOR:**

**LANDING:** Window. Loft access.  
**BEDROOM 1:** 13' x 11'7". Window overlooking front garden.  
Artex ceiling. Open access to:

**EN SUITE:** Window. Panelled bath with shower run off taps.  
Side shower screen. Wash hand basin and low

**BEDROOM 2:** level wc. Half tiled walls. Coved ceiling.

**BEDROOM 3:** 11'9" x 11'8". Window overlooking front garden.  
Artex ceiling.

**BATHROOM/WC:** 12' x 7'8". Window. Artex ceiling.  
13' x 7'9". Window. Panelled bath, vanity wash  
hand basin, low level w.c., bidet and shower  
cubicle with shower. Airing cupboard with wall  
mounted gas combination boiler. Half tiled walls.

**HEATING:** Gas central heating. Wall mounted gas  
combination boiler in bathroom. Eight radiators.

**GARDENS:** Extensive gardens to front and side with patio  
area to rear. Lawns, trees, shrubs, plants, sun  
patio and bar-b-que area. Access to garden via  
side door set in high wall.

OUTLINE PLANNING PERMISSION FOR A DETACHED HOUSE  
WITH GARAGE AT THE BOTTOM OF THE GARDENS TO FRONT.

**DIRECTIONS:** From Cardiff towards Pontypridd turn off for  
Treforest. On roundabout take Glyntaff turn off.  
First right, first left, follow road passing the  
Church on left. Up hill where the road runs  
around to right, travel straight across.

**PRICE: REDUCED FROM £120,000 to £109,000!**  
**FREEHOLD**

**Appendix 7.**

**Data Collection Form for Valuation Study**

# Valuation Study - Record Sheet

Valuer \_\_\_\_\_

CPD Certificate

Tick Box

Date \_\_\_\_\_

Qualifications

\_\_\_\_\_

Experience

Years worked, areas, markets

\_\_\_\_\_

Time Start

\_\_\_\_\_

Feel for value

\_\_\_\_\_

End Viewing

\_\_\_\_\_

Feel for range

\_\_\_\_\_

Start Study

\_\_\_\_\_

Comparables Viewed

\_\_\_\_\_

Start View Data

\_\_\_\_\_

Other data viewed

\_\_\_\_\_

End View Data

\_\_\_\_\_

Valuation

£

\_\_\_\_\_

End Study

\_\_\_\_\_

Comparables Used

\_\_\_\_\_

Total Time

\_\_\_\_\_

Other Data Used

\_\_\_\_\_

Notes

**Appendix 8.**

**Transcript of Interviews.**



## **Interview Transcript Notes**

The following pages outline the interview transcripts, which were tape recorded (unless otherwise stated). A total of eighteen interviews were conducted, and are labelled accordingly, with the date and time of the interview. Due to issues of confidentiality, the details of those interviewed are kept anonymous, therefore the individual interviewees are labelled as Anonymous valuer, and numbered accordingly, i.e. Anonymous valuer 1 ... 18.

The questions asked by the interviewer are provided in a bold type font, with the responses provided in a normal type font. Again, due to anonymity, the names of organisations, and or particular places have been replaced with the following mark: <\*\*\*>.

In two of the interviews (14 and 18), more than one valuer was present, although for the ease of analysis the transcript reflects the overall conversation, and so no distinction is made between the individual valuers. This also assists in anonymity, and does not impact on the research.

## **Interview with anonymous valuer 1.**

**Date: 1<sup>st</sup> June 1998.**

**Duration: 25 minutes.**

This interview was not taped at the interviewee's request. The following is based on notes taken during the meeting.

**Do you feel more proficient in certain areas than others do, and what determines the area in which you work?**

I would say I am more proficient in some area than others, there are different markets, but it's a difficult one to state. Generally work is defined by workload; I have sufficient work in that area to make a living.

**What makes you more competent to value in this area than say someone from outside the area - what is it that you bring to the valuation that others don't have?**

Of course you are more competent than others outside the area are, when did the river last flood? Which houses flooded? There is a property on market in <\*\*\*> Road, actually there is a women's hostel next door to it, you wouldn't know that unless you were there, as a consequence the property probably unsaleable, except for an investment to let out. Even if you work in the area, you may not know that. What about the fact someone died in a property. I had one case where I had previously valued the subject property, had details of this fact, this comes from valuing in the area.

**What information do you monitor in the area?**

I have access to sales information, valuations, town planning, proposed highways, general history of the area. I also do work for building societies, and do my own in-house valuations, so have access to data from these sources. There is also the local press, adverts for property. I will look at them, take them into account, they have a degree of usefulness. A good source is auction records.

**Do you have the tentative sale price as agreed between the buyer and seller when you go to do mortgage valuations?**

When you go to a property, know in your heart what is the right value. You have the sale price, which is achieved in the market, you give weight to it, though it's perhaps not right. However, the sale price is achieved after marketing. If you rely on comparables you are looking at information in the past. Generally I form an idea of value before I walk in. If the market is in a difficult climate, then there is more argument over value.

**Do you get calls from people requesting information, if so do you give information out, and are there limits?**

You do get called. Estate agents get calls two or three times a day for information. If I don't know them, I give as little as possible, but if it's a valuer I know, I give more, say if they work on the periphery, as it is more of a reciprocal thing.

**Do you discuss valuations with others in the area?**

Mainly discuss with colleagues, those in agency to get a second or third opinion, also, but not so often those outside practice.

**How long would you say it would take to get to know an area?**

Time to get to know an area depends. A case of frequency. Say you do valuations of two per month in Treorchy, it will take a while to get to know that, but if you are doing valuations of say five per week, you will get to know the market and feel for values much quicker. If you have records in house, say for estate agency, you will have a lot of records of properties currently on the market, so it's easier to get a picture. There is no right answer. It could take two weeks.

**In the case of the current property, there was a dearth of evidence, how would you value in such cases?**

With the current property, I know those properties on the south side are nice, but built more recently and speculatively. I had valued the property in 1995, so knew the history of the property. I know we had it on the market in 1997, so have in-house data for that from agency records.

Also, I have done council tax banding, so have lots of sales records. Also the market hasn't moved that much so I could use data as far back as 1989.

I would only draw on comparables from The Common; it's a separate market. Those new properties on south different are different to those on the north, and are not such a good guide. Generally I use three comparables, that is what is asked, but then with knowledge of the sale of a property next door; one good comparable is better than three rubbish ones.

**How important is local knowledge in valuation?**

Simple, you can't have too much knowledge.

**Would you say that the word local is perhaps the wrong term to use, in that it is difficult to define what local is?**

The word local is wrong. It's more a case of what is the normal working area, but that is not local. Values in Aberdare, Treorchy and so on, they are not considered local.

**How would you define local knowledge?**

A case of having a sound working knowledge, speaking of volume of sales. I would define local as the area I work regularly. It's more a knowledge of a locale.

**Could you work in other areas?**

I could work in other areas, perhaps transpose values, say this street in Treorchy is street 'y' elsewhere plus or minus a certain percentage. With jobs you know what to look for, size, quality of property, location, location and location.

**In a valuation, and comparing evidence what are you looking for?**

Generally with comparables I look for location, the size, and condition. If you know the accommodation, have the floor area (Gross External Area). Has it a garage, central heating, all these factors come into play.

**Would you say some agents are less reliable than others with regard to the prices that property is put on the market, and could this affect someone from outside the area who did not know this?**

Yes, I know agents in the area; some are better than others. The worst, especially the one with the <\*\*\*> boards, will put property on the market at any price. However, such factors are constantly fluctuating.

**Would you value outside your area, and why?**

I would not value out of area due to the RICS guidance, and also partly professional indemnity insurance. You must be reasonably proficient to provide a valuation. To value there is also the issue that the time spent to get result is often not cost effective if you work out of area. But also, you still have to watch your back even when you know the patch.

## **Interview with anonymous valuer 2.**

**Date: 10<sup>th</sup> June 1998.**

**Duration: 23 minutes.**

**As you work for <\*\*\*>, I presume that specifically limits the area you work in?**

Yes, it's the geographical area of the <\*\*\*> as it is now.

**Do you work within a specific area within that, or do you cover the whole area?**

Well it does tend to be for inspection and valuation purposes mainly the council houses, and I'm mainly involved in the right to buys, and as I said we do occasionally do valuations for environmental protection people and that can be valuation of private properties but generally it's Ely, Canton, St Mellons, the council estates.

**Are you more proficient in certain areas than others?**

Well I would say yes. I'm more familiar with the middle of Ely than I am with Rhwibina and Lisvane for instance, like anything else you get familiar with an area, and not as familiar with certain areas, I suppose if I was doing mortgage valuations you would be covering a much broader range, but our properties do tend be the council, so yes I would say, there are certain zones which in Cardiff I am more familiar with than others.

**Is that because you value there more frequently?**

Yes, you know value is very local, I tend to find, maybe a couple hundred yards can make all the difference sometimes, if you are right in the middle of Ely or on the outskirts, that can sometimes have an effect.

**What makes you more competent than someone from outside the area, in being able to value in that? What are the important factors?**

I'm not more competent than anybody else. I think you've got to have the basics of what your instructions are, you've got to clarify that, I think that's very important. You've got to know what you are looking for, you've got to know something about construction, and if you see cracking, knowing what's causing it, you've got to be fairly diligent when you go around. As I said what I try and do is talk to the people as well and get them to do part of

my job for me, something they want to draw my attention to, that's one of my standard sort of phrases, and sometimes you are only sitting there half an hour later and maybe it's not so good. But often that's sort of pointed me and saved me 10 minutes of scratching around looking for something, they'll point me in the right direction. You said you'll get to know an area, Gabalfa for instance it's old marsh land, the old canal went through there, differential settlement, they just filled in the land and strip foundation and there are certain areas along there, certain streets where the old canal used to go, you just get to know an area, St Mellons for instance, you just get to know an area, and I think that does help you, in my opinion it does.

**So are there some factors, or some things in certain areas that you know about that someone from outside the area wouldn't know?**

Well you get familiar; sometimes familiarity can breed contempt. But yes, you have that inherent knowledge of an area, in a lot of PRC properties, Smiths and the Woolaways I know where they were, I've been to see, I don't know if you've seen these B2 bungalows, I don't know have you seen these bungalows, they're made out of Lancaster bombers in the second world war. Pre-fabs we've had to value those recently, a quite unusual one. You just get to know an area and I think it does help. I'm not saying an outside valuer couldn't do it but I think he'd have a harder task because it's like, it's like going to a new job, it's difficult for a few months till you get familiar, he can do it but it would take a little longer than usual.

**If you were starting a new job elsewhere, how long would it take you to get to know an area?**

I think if you had some knowledge, like in Pontypridd I know generally the area I think I could pick it up fairly quickly, but you've got to be looking at going somewhere new, I don't know at all, maybe three to six months, and I don't think you ever stop learning really, because you get familiar and get to know an area but as soon as you close your mind, that's when the problems start. I don't even profess to know everything about Ely and St Mellons, but you know in three to six months you could be fairly familiar with an area. Obviously you're not sitting looking at the A-Z every day.

**Is that because you know what certain things to be looking for generally, anyway, from the previous areas you worked in?**

I think with any inspection, the valuer is looking for certain basic things if it's in London, Scotland, Ireland or even Wales, Pontypridd whatever. It's just getting familiar with an area, in these South Wales Valleys, look at the industry that was here fifty or a hundred years ago, they've built on that now, you have to be aware of things like that, down in Cardiff, I don't know if you know Windsor Quay, right by, on the edge of the new Cardiff Bay. Look at the old Ordnance survey, there it was, industry, chemicals there, you know, I dread to, I'm sure they've cleaned it up, but you've got that local knowledge of an area and, if I did a valuation there I would at least point out to the solicitors that this area is an old brownfield site and if you go there now you wouldn't know it was ever used for industry, but you've got to be careful.

**What information do you monitor in the area for your valuation?**

Well we've got our own database of property values and local press, Estate Gazette, property news; you're speaking to other people, dealing with the district valuer now and again. Whole range there, the Halifax house price index, Nationwide index, wouldn't use those specifically, but maybe look at those generally, but just try and generally keep in touch, our main thing is our own database which is a bit artificial, in that it is us putting the values on. But we do try and keep in touch with sold council properties to see what they're selling for, to keep in touch with some sort of reality. But generally the main sources that anyone would look at.

**So it is your database that you mainly use?**

Well yes, it's fairly comprehensive, and you know they are professional valuations. They are all done by surveyors or incorporated valuers and I think what you've got to watch is that you don't get too full in your own figures, and lose touch with what is happening out there. What we obviously tend to do is when we are out and about, there is quite a market in second hand council properties now, clearly they have normally been improved, new windows whatever and we get in touch with the agents, get the details and feed those back. We have set up another database now whereby we get details of sales and feed those so there a bit of cross fertilisation, you know, so that, were looking at that, and our figures. So yes, mainly our database.



**Would you do a valuation in an area that perhaps you weren't familiar with?**

What do you mean? Within Cardiff, in different suburb, what do you say?

**I guess the area outside that which you normally work in?**

Well I couldn't really, because obviously I'm employed by <\*\*\*>, and if someone sues me, it's not worth the professional indemnity insurance. I think I'd be competent. If I didn't feel I was competent in something I would turn it down. That's more a question for someone in private practice who is based in Cardiff, and it's a fee. I'm an employee of <\*\*\*>, so it's a bit difficult for me.

**OK, lets turn this around, if you were to do one, just hypothetically. What would you be looking for, how would you go about those valuations?**

First clarify my instructions, that's important, see if I'm competent to do it, before accepting the instructions, and then basically confirm your instructions, is it worth your while, if you're there to make money. That's the fact I suppose in private agency. I think it's basic rules, you've got to look at the spec of the property, you've got to get relevant comparable evidence; you've got to feel competent. I wouldn't feel competent valuing agricultural property, also I don't do lettings, we don't tend to get into the residential lettings, I don't feel competent enough in that. There are certain things that when you're a general practice surveyor, you've got to limit yourself. I think sometimes, for a fee people do take on work maybe they're not quite proficient in and it can lead to problems. But the instructions will tell you if you're competent to do the work. Well for me I'm not faced with that situation, but I can imagine, set up on your own, Joe Bloggs estates, you're going to be facing those probably day in day out.

I remember when I was in <\*\*\*>, you'd be in Ebbw Vale and places like that where your just doing the occasional valuation, and it's totally out of your area, and it's difficult then doing that.

**What would you do then, would you contact people in that office, who you work with, or other people?**

You build up a network of people you know and who you tend to rely on. You would go and see local agents, you probably know other people, ring them, it's like anything else,

no man's an island, and you get calls about things in Cardiff and you help as much as you can, and you do the same. It's asking people to do the odd job for you, but you've got to go where the evidence is.

**Would it be more of a reciprocal thing then?**

It's got to be a two way thing, every two minutes you're ringing somebody up and the other person is not going to talk to you. It's got to be a two way thing. In the property market there is not the dissemination of the information there should be and sometimes in commercial there are confidentiality clauses. I think the Internet and things like that are helping in that there are now central databases where you can at least get the basic information and build something from that, but you've got to have that network, I don't know how else you could. With a valuation it's not one right answer, it's an opinion of value based on a number of factors. It's not like a mathematical sum where there is only one right answer, there is a range. As long as they're in a reasonable sort of range I don't think you're wrong. I've had situations where I've valued properties at say £35,000, and the District valuer has come back at £34,000, well I don't think I'm wrong, and I don't think he's right, but it's a slightly different opinion, you know. They're both right I think.

**So how important do you think local knowledge is then?**

I think it's very important. I think the property market is very localised. I think a lot of the big financial institutions had their fingers burnt back in the late eighties, thinking they could standardise this, and standardise that. But it's gone back to a more fragmented market hasn't it.

**Would you say that knowledge is important because of the lack of, as you said, evidence that is available, would you say if more evidence was more freely available, then it would be different?**

Well, yes, but you could have a situation then of too much information. It's all down to a matter of where to find it. You get an intrinsic knowledge of an area; it's a difficult one to put your finger on. I said the history of an area, if you knew over on the mountain there was an old iron works, you might not find that out, where are you going to get that? Even if you, with knowledge of it, there might be evidence of sales and that might be freely available, but there might be an old drift mine. Things like that which only experience, local knowledge can build up. With new technology, it can help, whether it can totally go.

### **It can only go so far?**

Yes I think so. I've been on the Internet a couple of times. It's there, but it's knowing where to look, isn't it? Sometimes there is too much information. There needs to be some form of filtering really.

**Where did you acquire your local knowledge? I'm thinking in terms here of, I don't know if you did a degree here or not? Would you say you acquired any kind of local knowledge on your degree, or was it all acquired through practice, being out, upto qualifying and after?**

Specifically residential inspections, is that what you're saying

**Well, yes.**

I don't think we touched on residential, we did a bit of it and basic sort of stuff. But mainly, the best three months I spent learning was going round with <\*\*\*>, of <\*\*\*>, basically just watching him at work, and that was good. Obviously I've looked at maybe two to three thousand right to buys on my own. But, it doesn't frighten me, it's like a doctor I suppose, when he's first let loose on the ward you suddenly think back, you learn by working, I think, I know I'm a lot more expert. I know what I'm looking for now. But the three or four months I spent there, I did spend a year in <\*\*\*> doing the same thing as well, you're picking up the basics you know, knowing what certain cracking is, looking at dry rot, at wet rot, looking at woodworm, looking at differential settlement. You're just seeing it, so you know when you see it yourself, you know what you're looking for. The Polytechnic, when I was here, gave use a basic grounding, but it's such a broad, such a broad course, I can't really say that I was sort of equipped to go out and do an inspection, well they won't let you, because until you get your letters you can't do mortgage survey can you. But, basic grounding in college and then hope you don't make too many big mistakes, don't get sued. Ten years on, touch wood. Nobody has sued me yet.

**Do you still find you're learning even if, I don't know how long you've know certain areas, but do you find that still knowing an area fairly well, you could still learn more?**

Market conditions change, you've got to be aware of changes in the market. What I find, and I don't know what building society valuers will do, they're so specialised, that they're doing that day in day out, turning them round in probably 24 hours, you know I'm dealing with leases with a restrictive covenant, such a range of property matters that we are sometimes stretching ourselves a little bit thin so, yes I'm still learning but I'm not dealing with just one aspect. I wouldn't call myself a specialist in inspections but probably 25-30% of my work. There are lots of other things I'm involved in lease renewal, rent reviews, assignments, property management, going to meetings, the public, there is always a political element to the work I do as well. Yes I'm still learning, but I'm not just doing this. Probably building society valuers who are doing that day in day out are so specialised they're going to be, I don't know, a division or two up from my sort of level. I think mine, my level of knowledge is sufficient.

**I suppose they're doing the same sort of thing?**

They're doing Housebuyers, doing structural surveys, I don't think I could do a structural survey, I think I would probably want to train up a bit before. I'm doing basically basic inspections, like a mortgage valuation. The building society valuers are doing whole a range of inspections that's an area of surveying all in itself.

**Would you say that, whilst your work is broad, because you are working for <\*\*\*>, in a specific area you are more aware, more knowledgeable, of that area because it is well defined?**

You get a bit bored with it sometimes, you know. The area is, I don't know what sort of area Building Society valuers cover, but it's probably down to Llanelli, up to Bristol. I can imagine the variation. There are variations in Cardiff, but nothing like you'll find from the Usk to the Teifi. You will perhaps become more familiar.

**How would you define local knowledge?**

Oh God, how would you define it. Well it's an inherent knowledge, not just on values, but of the people. That can have an effect, just an inherent knowledge, historical knowledge,

as I said knowledge of the people, the knowledge of the sort of all the general factors and it's a difficult one to define I would have said.

**When you say people, is that people who live in the area?**

Well it's the make-up of the area, you go to Cardiff, it's funny, but they're different, they do things a different way, you know. I suppose that has an effect on the property market, people. What you tend to find in the South Wales Valleys, they'll either leave, or they'll move around a little, move a street away, you'll find a bit of that. Whereas you'll find in Cardiff maybe it's that bit more cosmopolitan, there's people coming in from outside, so that, I think that's a factor that affects things.

Defining local knowledge, it's just getting to know an area I think, and not just values at a particular time, it's the multi-layered, you know geography, socio-economic profile of the area, it's all those factors, if you haven't got that local knowledge, you're coming in, OK, you might get familiar with the values, but you're not digging down into those layers of knowledge, that I think only experience can sort of, working in an area, can give you.

### **Interview with anonymous valuer 3.**

**Date: 12<sup>th</sup> June 1998.**

**Duration: 27 minutes.**

#### **Why do you work in that particular area?**

It's allocated on a postcode basis, as I say there are two of us based in Cardiff, one covers one half of our allocated area, I cover the other half. Those are also the areas where the population is greatest, you get more done.

#### **In terms of Wales how many valuers are there?**

There are three of us in South Wales.

#### **So that covers that area there (referring to map)?**

Yes, it's the whole of South Wales really.

#### **Are there areas within which you work, that you are more proficient in than others?**

I don't think so really, because of the computer system that we work on, it allocates work on a turn around time basis rather than whether or not it is convenient for us as surveyors. I could be going up to the Rhondda for say two or three inspections every day because we don't batch them, like the secretaries used to do. So you become extremely proficient in all the areas you cover. When I go to West Wales; it's been about three years since I actually worked there full time, it's a bit more difficult then, so I am perhaps a little less proficient here than I am here, spending maybe two weeks in that area.

#### **Is that because there is not as many, the properties are more spread out?**

Yes, absolutely and the road system is poorer, it not as vastly populated.

**What makes you more competent to value in the area you do than say someone from outside the area? Would you be more competent than them?**

I assume so, purely because you are familiar with it, going to it all the time, you know local knowledge is just built up with time.

**What makes up that knowledge?**

Repetition really of valuing properties. You can go into the Rhondda, say and before even turning up you know the type of property you are going to see just from the address, sometimes you know it's going to be mid-terraced three bed roomed house and you can always value it before even arriving at it. It's just then a matter of adjusting the figures according to condition or structural problems that sort of thing. And there are areas in Cardiff where there are high value areas, lower value areas and you just get a feel for it. You know it's going to be in a particular price band and it's just a matter then of justifying and finding the comparables to support. You've got the purchase price, but with a re-mortgage it's just a guesstimate of what they think the house is worth, It's a matter of valuing it accordingly.

**Because you work for <\*\*\*> do you find you've got access to more data?**

Yes, I think so, and we've also got access to other firms' data and the contacts with other surveyors, there's a cross fertilisation between yourself and the other surveyors. It's a huge database really.

**So you don't have any problems in accessing comparables?**

In some areas, where there is a lack of evidence you may need to make further enquiries, but generally, run of the mill estate houses, you've got so much information.

**Do you know particular factors in an area, the area you work in, that someone from outside the area would not be aware of, that could impact on the valuation?**

Yes. In the South Wales Valleys for instance the coal mining problems which for instance Treharris up the top of the A470, there is on going subsidence now. There is contaminated land aspects as well that has a bearing. There are certain areas that are

just blighted, for example the Penrhys estate up in the Rhondda, places like that, it's just got a bad reputation, it's just these which build up over time.

**The area you work in is not too large, but compared to some smaller practices it is quite large, I mean does that disadvantage you at all, in terms of the size you cover against local knowledge or not?**

As I said earlier really you are going to these places a couple of times a week and with the knowledge, you become so familiar just with repetition.

**What sort of information do you monitor in the area?**

Do you mean market information?

**Yes**

You are constantly in touch with estate agents, people on the ground really; they give you a background with what the market is doing, in a town or even particular areas of a town. Perhaps it's more buoyant, The Common for example is going to be; nothing stays on the market for very long. Again you build up that information, The Common is a popular area and the property's sold as soon as it comes to the market. When that happens the estate agents will basically confirm that to anyone; the property has been on the market a couple of days and is gone straight away.

**And do you just rely on your own information mainly?**

That's the core, and you supplement really with trying to find what other properties are selling for, plug that back into your database, you are constantly updating your database and so on.

**Do you look at things from say the Estates Gazette, Property Week or local press?**

No, the Estates Gazette no. The local press, the property sections, they come out, again they're excellent, I have a good, quick scan through those see what's going on, Invariably you find something, perhaps there isn't a board on the house in the street which has been up, so you have a look in the paper see an advert, have a chat with the agent.



**Do you find with agents, you more wary of certain agents on the prices?**

Yes, I'm not going to tell you which ones. There are definitely some we tend to shy away from. Some agents are a lot more realistic than others, and some won't be badgered and won't tell people what's on the market.

**Then I suppose that could affect someone from outside the area with regards local knowledge?**

Yes definitely.

**What about house price indices do you monitor the Halifax and Nationwide indices?**

They keep producing these figures, but they invariably are so global that you can't really apply them, you know prices going up by x, y per cent, you can't apply one percentage across the board. In Cardiff maybe they've gone up by as much as 15% but up in the Valleys perhaps they haven't moved at all. They have a purpose.

**If you were to value outside your area. You say you cover for your colleagues, how would you go about that valuation, is it the same process or would you do things differently?**

Get more information really, you can't really rely on your own knowledge then so much, because it's not as complete. You make more and more enquiries, talk to people. I mean when I go into the West Wales area I have my colleagues' database with me, but because I haven't inspected those properties, you've a reduced snapshot of them, it's not as reliable, so you don't tend to rely on them that heavily. Again they give a broad-brush impression of what the value is, it's just then a case of fine tuning, checking.

**Is that talking to the agents?**

Talking to estate agents and surveyors.

**Would you talk to neighbours at all?**

No, because it's confidential what you do. So if they ask you say sorry, you'll have to have a word with the vendor.

**Obviously you've got this policy that if you are within 5% you value at the purchase price, so does that apply all the time?**

Yes, it applies to other banks and building societies, yes indeed. Most people tend to employ it. It's just for the expedience of business really. You can't be too pedantic, and to be quite honest to value within 5% you're doing very well anyway.

**How important is the tentative price, which has been agreed by the purchaser in terms of the valuation and evidence of the market, is that more important than your comparables?**

I mean I could put my house on the market, my house is probably worth £50,000. If I put it on the market for £100,000; if somebody came along and offered me that then fair enough, but then the valuers going to go there and say that's ridiculous and says hang-on it's only worth £50,000. I know we are given the purchase price but that's what they've agreed, and it's left to us experts to see whether that's a fair figure, and whether the bank and building societies interest are being looked after if they are not paying, or not lending so much. It's a factor, it's taken into account, otherwise you'd be rubber-stamping, which nobody is interested in doing. You could get anybody to do it I suppose.

**How important is local knowledge in the valuation?**

It's essential. I came across a surveyor who had just started working for a firm based in Cardiff, a place called Llandaff, which is very nice, and then just over the bridge there is Llandaff North, which is a different kettle of fish altogether. This chap had made no distinction whatsoever between values in the two areas, and they're poles apart, so local knowledge is essential really.

**Where did you acquire your local knowledge, was it on-the-job?**

On-the-job basically, yes. Starting off slowly, then just building it up.

**Obviously building societies, the adverts, they want someone with knowledge of an area. Was that the case when you started?**

Yes. You see job adverts, staff valuer wanted in I don't know, Solihull or something, fantastic salary, you think I'll go for that, but they're not going to employ you simply because you don't have the grounding, the local knowledge. You could inspect the house; you can do that side, but not so much with the valuation side. It's paramount really.

**If you went to another area, would you find that your basic knowledge of valuation is obviously of use, because you know what you are looking for?**

Yes

**So you could value in another area, but it would take time to pick up?**

Take time, that's right.

**So how long would it take to pick things up?**

I think, to be completely, to be relatively on top of things, it's going to take a year, and probably minimum, a year plus I would say. And in that year period you're going to be operating at less than full speed, so I would say a year.

**And now, do you still find you are learning about the area you are living in?**

Yes, definitely, it doesn't stop I don't think. My colleague has been working in this area for 20 years, and he's still surprised.

**When you say, you cover for your colleagues, do you discuss before?**

Yes, that's right, I mean I know the area in general, it's just the fine tuning you tend to discuss.

**I mean do you discuss continually?**

Yes, that's right. Yes, in fact the chap who works in West Wales still rings me up and asks I've been to blah blah blah, and what you think off the top of your head. You come up with a figure and invariably it's not far off. It's strange really, after a while it becomes, almost like second nature, you turn up and think you know this is going to be worth between, or it's in a band, or as I said to you earlier between £80,000 - 85,000 that sort of band. And you're never that far off.

**Would this be the same if you didn't have the sale price anyway?**

Oh yes. I think so, roughly, yes.

**With the property we had there was a dearth of comparables, we tried to get some, there wasn't that much available, what would you rely on then in terms of your valuation?**

Without comparables?

**Lack of evidence?**

With something like The Common, which is difficult to come across, it's just blind date really. People don't get them on their books long enough. I suppose in that sort of situation you'd start to look outside the immediate area of The Common, for not that quality, because I don't think your going to get anything of that quality in Pontypridd. But you'd start to go a little bit further afield and adjust upwards accordingly, and try and support it that way. If you can justify reasonably what you've done, and how you value, you can do the job.

**So would you say there are some areas, some of the Valley areas you could compare with other areas within South Wales, but there might be some general sort of adjustment to the figures, so one area might be, the price is say 5% more than in?**

I don't think it would be that mathematical to be honest. No, I mean there is one in there, in Coed-y-Cwm, you've put down as a comparable, and I would disregard that almost

immediately as it's not a comparable area. You know, I don't think you can say, this house is at the bottom of the Rhondda, and I'm valuing one at the top, therefore it's worth 10% less because it's at the top rather than at the bottom, I don't think you can be that mathematical.

Well, with something like this which is a little less common, you can I think go outside the area because there are, as we said earlier, the comparables aren't there to support your figure, and it's a matter perhaps of finding another good area in Pontypridd and saying well that house is selling for blah blah blah and adjust it upwards from that.

**Would you say within The Common, say you have terraced, semi-detached and detached, is there a general level there, or trends?**

Yes, perhaps there are a few terraced there and use them as a floor if you like, and there are a couple of properties there in the £100,000 region, use them perhaps as a ceiling, and perhaps try and ameliorate between the two extremes and see what you come up with that way. But that's an arduous way of doing it, but it's something that can be used for justification given the fact that you haven't got other more reliable, or more suitable evidence to hand.

**I suppose you've got contacts within the area you've built up because you work in the area so you can get information that way?**

Yes, discuss with other people then sure.

**Do they come to you then, so it's sort of reciprocal?**

Yes, that right. Circle of information.

**So say if you were outside the area you wouldn't have that level?**

No.

**When you value outside your patch, do you know certain contacts? Because of who you work for would you say you could get information that way, or is it difficult getting evidence?**

Estate agents is one. Certain firms, say in Pontypridd for instance, firms in the various estate agents and surveyors, you get this a lot, where perhaps estate agent A has sold a house, but the surveyor from estate agent B goes along to value it, and thinks, oh yes, our competitor, we'll go down value it or we'll stick a spanner in the works somehow. So being a staff valuer, you are perceived as being, well you don't have an axe to grind, you are there purely independently, so they do I think perhaps converse more with people like myself because we do not have an axe to grind. They will give you information. Whereas I used to work for a firm in Caerphilly, you'd ring up asking for information, and it was like a joke. So yes, because you are independent, because you don't have an axe to grind, you can ring up estate agents particularly, it's just, you don't then if you're going into West Wales have, you don't have the contact with other surveyors in the area, because the contacts have been lost really. It is quite difficult going down like particularly into West Wales. But when I cover for my other colleague, the other side of Cardiff, generally it's the same bunch of estate agents really. It's such a relatively small area.

**I mean does your organisation use panel valuers, and in what particular instances?**

They are used, like at the moment, when we are rushed off our feet, and when there is quite a lot of work to do.

**Well, what about properties outside this area?**

If something comes in, in places like Llandrindod Wells we wouldn't touch it, it's out our patch, we'd get a panel person to do it, who's more local to that area.

**So local knowledge is important there for your firm?**

Yes, that's right.

**Well, what about North Wales, does your firm cover that area?**

Yes, they're covered from Liverpool. It's all split up into regions. We are the South Western region.

**I suppose you cover generally the main conurbation's really?**

Yes. The most rural stuff I do is in the Brecon area. But I try not to go there because it's too far to drive. Yes, I suppose mainly it's urban.

**So is that dictated partly through the time?**

Yes, well, you spend an hour driving in the car up to Brecon from Cardiff, that's an hour spent in the car, two hours with coming back, so your work levels dictate. When we are busy, then we'll value them in Brecon, because it's more economical for me to stay local because I can get more done, on the doorstep as it were.

**How would you say define local knowledge?**

It's your ability to interpret what the market is doing in the area that you are working in, on a day-to-day basis really. And it's more than that because it's not just the market, as we were saying earlier the physical problems of that living in the area or drawbacks of living in particular parts which are less popular than others. It's not a concise definition, it's difficult to articulate it really.

**Like geographical factors, economic factors. In South Wales, does inward investment have an impact?**

Yes, that particularly, with overseas firms coming into the Newport area, that's pushing prices up astronomically in Newport, but also in Cardiff, because people, you know in the higher levels, will travel that much further, from Cardiff over. But if some of these Far Eastern companies don't come over, because of their economy, it's going to have a knock on effect.

**Are things being affected now with the crisis, LG?**

Well, yes.

**Is that depressing values?**

Not yet, but I'm sure if they do pull out or whatever, yes I'm sure it will have an adverse effect. But I wouldn't say it is at the moment. It's something that will, if someone were to pull the plug, then it will drop down into the property world.

**Local knowledge suggests something spatial, do you think that local is perhaps, not the right term to use, local could mean different things to different people, someone who works for a council or say a Development Corporation works in a certain area, that's defined, but private practice they are more variable?**

Local knowledge, just as a phrase, to describe something. It probably is, yes. That would be it. It's too constraining really, it's more than just local knowledge, it's a huge area really, you can't possibly just apply your local knowledge in Cardiff to Merthyr Tydfil or Pontypridd, they're different factors apart. I don't know what you'd replace local knowledge with as a title.

**It's knowledge of the area?**

It's more general knowledge really.

**It's knowledge of the area you work in, but say within that you've got some division of different areas, as you say, Cardiff and Merthyr, Pontypridd and so on?**

That's right, I think you're looking at completely different markets, different conditions apply.

**And within your area, how many different markets would you say, or is that too difficult, off the top of your head?**

In my defined area, probably Bridgend's a different market to Cardiff, to this area including the Valleys, Caerphilly area over that side, Brecon, perhaps five or six distinct market areas in that one.

**And obviously within those you've got different markets?**

Micro markets, and even going down to the  $n^{\text{th}}$  degree, one street is more popular than the other, and you fine-tune to the  $n^{\text{th}}$  degree really.



**So could be as narrow as different streets, or even within the street?**

Yes, one house type in this particular street is more popular than another type, for whatever reason, so that's going to have an effect on values.

**And in Pontypridd do you think the University has an effect, is that limited to certain areas?**

Treforest particularly, people buying property for investment purposes. That tends to elevate the prices in Treforest particularly.

**If you were valuing property in say Treforest is that a different type of valuation you'd do?**

The figure in the report would be, potentially this could be multiple-let, sublet.

**I suppose it's because the general comparables are done on the same thing really?**

That's right, because you are comparing within Treforest, perhaps you would apply different values in Treforest than perhaps Graig, which is further down, same sort of house but, they do tend to be more popular here because of the University.

## **Interview with anonymous valuer 4.**

**Date: 17<sup>th</sup> June 1998.**

**Duration: 28 minutes.**

**Is it just you who works in Wales?**

It is, well it has been till the last, apart from the last month because we have just bought up <\*\*\*> estate agency, and with location, we've bought the whole lot, and they've got a surveyor based in Swansea, who covers Swansea to the West coast, down as far as Milford Haven, Tenby and all round there, and they've got two people in Cardiff who cover roughly the same area as me, but they, also one of the guys there is going down to Bristol at the moment, so up until about the last month it has just been me covering this area. At the moment they're run as two separate organisations, <\*\*\*> and <\*\*\*>, so I don't know what is going to happen in the future.

**I mean in that, I'd say that's quite a large area, would you say you were more proficient in certain area than others?**

Yes, I'd say that. I've valued properties in just about every part of my area, but the areas I prefer to work in because I find that I can do it quicker and I know roughly what a property's going to be worth before I even go there sometimes, sort of Cardiff, Bridgend, Vale of Glamorgan, Porthcawl, along the coast, down to Barry, that sort of area. The other areas I'm competent of going there and carrying out a mortgage valuation or a homebuyer report, but my preferred areas are the ones that I know.

**Why is that? Is that because you carry out valuations more frequently?**

More frequently in Cardiff. I'd say I'm in Cardiff twice a week, Bridgend area once a week, Swansea once a week, the Valleys and to Abergavenny and all around there maybe once a fortnight, I mean when I say once a fortnight, it's a full day in a fortnight, for example tomorrow I've got to go to St Arvans, Chepstow, Usk, I've got a full day there, I've got eight valuations to do. I've got no problems going up there, I know the area fairly well, yes, I also live just outside Cowbridge, so I know that area very well.

**What makes you more competent to value in that area than say someone from outside? What sort of factors gives you an edge over those outside?**

Certain, parts of the area for example, certain, streets in Cardiff are more valuable than others because of School catchment areas, and postcodes, postal addresses, certain villages as well. I mean most the villages probably have quite a range of properties, but if it's in a certain postal address, it could be a lot more valuable than one not in that address. And somebody from outside the area probably wouldn't be aware of those factors.

**Are there certain factors that may significantly influence a valuation which you know of, but which someone from outside the area would not?**

In addition to that you've also got sort of certain catchment areas for employment like the LG plant at Newport. I mean somebody from outside the area would probably be aware of it, but, we are starting to see now in parts of East Cardiff, values of property are going up slightly because of the short commuting distance of the new site. Also you've got the villages in the Vale, which are in short commuting distance of Cardiff. For example, some parts of Bridgend, there is one estate just on the outskirts of Bridgend which isn't very popular, because it's off a main road and it takes about three quarters of an hour or something like that for someone to get onto that main road, with the volume of traffic coming out of that estate, so unless you knew that you would think, why are properties slightly cheaper here than comparable ones over the road. That sort of scenario wouldn't be, somebody from outside the area probably wouldn't know that.

**Do you find that because you are covering a wider area, than say someone in private practice, that puts you at maybe a disadvantage or not, with regards local knowledge?**

Yes, it could, it could possibly. I mean that's why, for example, if I'm in some of the villages just outside Carmarthen, it would take me longer to complete my report because I would have to sometimes speak to somebody. I've got a lot of friends, or contacts in that area who I can ring, and run through the valuation through with them, knowing roughly what figure I'm going to put on it, but, get a second opinion maybe on it as well.

**What information do you monitor in your area?**

We are on the <\*\*\*> system, so I get my pro forma to fill in and with that I get a list of everything I've done in that postcode, so if I've done, carried out a valuation on a property in that street, I can just look at it and that will go on for the last year, what I've done in that area in the last year. So I can check off there. When I get back to the office I can run off comparables. I can stick in say 4 bed detached house in Lisvane, give the postcode and then it will bring everything I've done in that area over the last six years, so that will just be printed off so I can check off comparables. Also on that it will look over the report that I did on that, it will say good condition, sort of minor works needed or anything like that. So I use that on every valuation. But we provide three comparables for each mortgage valuation that we do, even if it's just a case of just ticking off this ones comparable on the sheets that come with the valuation.

**What other information do you draw on? For example local press?**

I keep an eye on what is going on. For example in Rhoose, just outside Barry, they're building a new estate of about 500 new houses. Also there, another village just outside Bridgend called Corntown, where they're proposing to re-work an old quarry, which hasn't been worked since the mid sixties, that sort of thing I keep up-to-date with. We also get correspondence sent down from head office on the latest issue such as electro-magnetic field and pylons and that sort of thing, and radon gas, anything like that.

**Do you find the property journals, Estate Gazette, Property Week, are any use?**

Not so much on valuation, unless there's a specific article in it. I think that things like the homebuyer report and that sort of thing, we've had a few different articles on that. On the new homebuyer valuation, I've found that quite interesting. That's been keeping me up-to-date. We also get list of legal cases sent down to us from head office, so that keeps us astride of what's going on.

**What about the house price indices from say the Halifax or Nationwide, are they of any use?**

You can't, I mean you can't really rely on them. The Halifax sometimes tend to inflate the figures. To make it look like it's a buoyant market when it's not. I don't rely, I look at them but don't rely on them.

**I suppose they are too wide in their scope, in the areas they cover?**

Wales, North of England, South of England, I mean, you can't really generalise like that, no I don't really take that much notice.

**When you do your valuations do you rely purely on your own database?**

No I consult with other valuers in the area. We tend to ring each other up on a regular basis actually, just run valuations through with each other. Quite often you find, people going, especially with, certainly with re-mortgages, go from one society or bank to another to see where they can get the highest valuation. It's often the case that a friend of mine has been there, carried out a mortgage valuation and I'd ring them and they said I went there two months ago sort of this, and I've done the same. So yes I keep in touch.

**So you don't then have any problems getting access to information from others?**

**Is that because you are local and known?**

Yes, we're friends as well as working in the same profession, that sort of thing, so we go out on the odd occasion and, so there's no problem.

**Would you say someone from outside the area would find it more difficult getting that information?**

I would have thought so.

**What about information from estate agents, do you contact them?**

I do contact estate agents as well. I mean they quite often tell me what price properties have been sold for.

**Do you find that some, I mean where they're on the market do you use those in a valuation?**

I use them as a guideline sometimes, but you can't really rely on them for a figure. The agents will sometimes, quite often actually will tell me what that property did sell for as opposed to the asking price, but they will say the asking price, has just come on the market and, just started off at that figure.

**Do you find some estate agents are more reliable than others?**

Yes, definitely, yes.

**So you'd say perhaps be more cautious?**

You'd query someone from there, yes.

**That again is maybe something which somebody from outside the area would not know?**

That's right, I mean I know most of the agents, most of them actually give you the genuine information, not sort of try to inflate the figures that they're giving me.

**Obviously you wouldn't, you generally tend to work in a specific areas. Perhaps some of the areas you aren't as familiar as others? Hypothetically if you were to do a valuation in say an unfamiliar area, how would you go about that? Would you go about that the normal way?**

Yes, I'd say that, I'd see if I'd carried anything out in that area prior to going out there, have a look at my proforma, just to see what's in that postcode, go and have a look at the property, drive round the area, see what else is for sale there, have a chat with the local agents. If you were sent to, I don't know, Rhydypennau Road in Cardiff, or something like that, Cyncoed, like that, I'd know roughly, from the address, and the details as to what the property, roughly it's going to be like, sort of ball park figure, in the region it's going to be £60,000 - £80,000, £120,000 or something. Whereas if you said the property is in Cross Hands, I wouldn't be able to do that without having seen the property first.

**What information would you have before going out to the property, the tentative price for example?**

We have what it sold for, what the applicant requires, we usually have the age of the property and the property type and that's it then.

**How much does the figure given to you have? How does it impact on the valuation?**

Usually in the present market and with a negotiated sale purchase position, usually the purchase price is the valuation figure unless there is other circumstances involved. I would say most of the property goes through at the purchase price at the present time, and that hasn't always been the case, but certainly now, today that would be the case.

**What about re-mortgage, would you treat it differently?**

I wouldn't treat the valuation any differently but I would be more wary of the figure they've put in because on a re-mortgage it's a sort of estimated value. Now they're usually inflated, as most people think their houses are worth more than what they are. Sometimes they're not, I mean I did one yesterday that, actually they thought the house was worth 70,000, but in fact I valued it at 75,000, but usually they tend to increase the figure.

**So how important is local knowledge in the valuation?**

I think it is very important, I think my area is pretty large. I'm confident with it now because I've been working in that area now, probably for about ten years, but I think local knowledge is very important. Certainly because of the factors we've gone through really.

**How did you acquire that? Would you say what you learnt on your degree went towards that, or did your knowledge purely come from on-the-job?**

No, it really comes from day one starting working in the area. I mean background knowledge from the degree probably helped, as basis, the actual valuation of property came when I moved back down to the area, to work round here.

**How long would it take to get to know an area?**

It would take a couple of years I would have thought, to know it well, well enough to be competent to go to any property within your area. Two to three years I would have thought.

**I mean do you find you are continually learning about the area, it might take two years to get to know the area but you never stop learning?**

That's right. I mean I haven't been in every village. I think I've been in every town in my area, but I certainly haven't been into every little village. So yes I would agree with that.

**How would you define local knowledge?**

It's a knowledge of an area, through working in an area for a number of years, and also knowing what's going on, the history of the area. This area, the mining, that sort of thing, for example, Barry, Rhoose area, the local airport. Knowing where factors are which influence the valuation. That's how I'd describe it.

**You cover that area (show map) so there's no one else you'd cover for?**

Not, up till last month, yes, technically it is just me at the moment, because <\*\*\*> and <\*\*\*> are run as two separate companies, although <\*\*\*> is run by <\*\*\*> So it is just me covering that area.

**So would you say you'd be able to get a job elsewhere, or would it be difficult?**

I would be able to, probably able to go back up north to work. I would probably be able to get a job elsewhere because I would know what to do, to get to know an area basically. I would go there for a while, I would basically see what's going, see what's happening with the house prices in the area. I would not go for another job just because it's in a different area.

**Because a lot of building societies they require a knowledge of a certain area?**

Yes, that's right. I would have to go there though and do research before. Say for example if it were in say South West Exeter or something like that, I would have to go down there for a while to acquire a certain amount of local knowledge.



**Do you find that say with the subject property, if there is a dearth of evidence, would you say your local knowledge is important there?**

Yes, I would certainly say by saying that, there was one in Graigwen, just the other side of Pontypridd, it's a pretty good area, probably not as good as The Common, I did have to look at the map for one of the streets, but most of them I knew where they were anyway, so yes, that helped.

**I mean would you say within this area you've got a number of different markets? And say within that micro markets?**

Yes, certainly.

**And from that you'd know where to draw, from the evidence?**

Yes, that's right.

**How many markets would you say there were within your area, or are there too many for you to say, from the top of your head?**

I would have thought so yes. It's quite a few miles from Carmarthen, to the other end, Monmouth, really. I actually go a bit north from Monmouth, almost into Ross. There are so many different areas, markets.

**So would you say, could you say that area x is similar to area y and maybe prices are say 5% more?**

Yes, you could perhaps. Monmouth is an old market town, so is Cowbridge, Monmouth is sort of almost in a catchment area for Birmingham, the Midlands. I suppose Cowbridge is for Cardiff and Swansea, but, very similar features you know, probably prices a bit high there, originally they were dependent on the rural economy, that sort of thing, yes. You could definitely.

**Would you say within those areas, value could impact at just a street level?**

Yes, could do. Certainly going back to school catchment areas certain postcode addresses, such as I don't know Cyncoed, Llanederyn, which are sort of bordering on each other, if you try and have to, generally sales are better in Cyncoed because it's regarded as being a more desirable area, even though perhaps it's not, but certain people do think that Cyncoed is more malleable than say Llanederyn, even though you've got say houses on one side of the road which are well exactly the same as the other, but it's just a different postal address. I'm not saying that I agree with that. That's just the way it is.

**So obviously the public's perception comes into it?**

For example parts of Fairwater have now gone into Llandaff. It has been noticed that some roads such as Fairwater Road West and East, and that sort of thing, their values are starting to go up, simply because it's got a Llandaff postcode, Llandaff postal address.

**Would you talk to local people to get information on an area?**

I do sometimes yes. I mean, local residents are often quite helpful. Because I was carrying out a survey, a mortgage valuation on a property in Cowbridge Road West in Canton, a while ago, and I was talking to the old guy that lived next door, and he was saying that a bomb dropped just a few hundred yards down the road, which probably is the reason why the property had moved. Or one of the reasons why the property had moved slightly. Certainly, yes, you can glean a lot of information from local residents.

**So that's quite of important? So does your building society use panel valuers?**

Yes we do.

**In what situation are they used?**

When I'm too busy basically, when I cannot physically cover the area, and yes, certain areas I can say they can go first, mainly because, basically we are a commercial organisation, I'll take the best fees if I can. I mean if there is a £140 fee in Cardiff, a £70 fee in Merthyr, well the Merthyr one would go, I'd do the Cardiff one, I tend to keep the ones that are easiest basically, and well, firstly the most profitable ones, then the nearest ones really.

**Back to the area outside your area, are they taken by other valuers?**

Yes, anything North and West of my area is covered by panel valuers. I mean the next nearest valuer to me is based in Bristol, and they cover the Bristol, and parts of the South West and up into Gloucestershire.

**And so obviously in those, they're maybe more rural, there is less work, so it's obviously going to a panel because they're local to that area?**

Yes, I mean our panel valuers, the panel valuers actually don't cover such a wide area as me. You've got panel valuers in Swansea who would cover Llanelli area, we've got a couple, one in Aberdare which will cover Merthyr, we've got Bridgend panel which will cover the Rhondda and Bridgend area, we've also got one in Pontypridd, and one in Treorchy, and we've got a couple in Newport.

**And would you say because you work for <\*\*\*> you've got access to more data, is that important?**

Most of the data I've built up over the years, working for them. Yes, I can see on my computer screen, other properties, properties which have come in, and if I haven't carried out the valuation on it, I can find the panel valuer which had, and then just ring them and, if I need any comparable information, or if there is any information about that area, I can ring one of the panel valuers and say, oh you carried out a valuation on x street, I've got one to do a couple of doors down, what was your view on that sort of thing. Yes, that's useful.

**Obviously having access to that data is very important, so you've got enough say to provide sufficient information, but also because you are valuing more frequently in an area against say a private practice, that also gives you an edge?**

I just actually do mortgage valuations and homebuyer valuations day-in-day out, whereas some of the private practices, firms they often do commercial work as well, so, and estate agency and yes.

**Because you work for <\*\*\*> rather than a rival practice, are people more freely willing to give you information?**

Yes, probably because we give them work. They're not going to say I'm not going to tell you, because it's in their own interest really to provide us with the information because we actually gave them the job to do in the first place. So they should really provide us with the information. If they didn't I could just ring up one of our processing centres, whichever processing centre it went to and say, what was that property valued at and or can you fax a copy of it down or something. But I've got no problem with the panel valuers. They're all willing to give the information.

**And other estate agents are they quite happy to?**

Yes, yes, I've had no problem.

**I know some estate agents might say one valuer in one agency going to ask another Agency who is a rival?**

And they might say the property was, oh the property's not worth that or something.

**Because you are independent?**

Yes say if it was for one of the larger practices, I don't know such as <\*\*\*> or something because they've got an office in most towns perhaps somebody from <\*\*\*> maybe reluctant to give them information, I don't know, but I haven't come across that problem being a staff valuer.

## **Interview with anonymous valuer 5.**

**Date: 16<sup>th</sup> September 1998.**

**Duration: 26 minutes.**

**What factor or attributes which you have knowledge of, makes you competent to value in your area? What is it that you know of an area, that makes you able to value better than someone from outside?**

I suppose it's just a sixth sense you get, after a number of years, you know, relate one town to another possibly, and one set of people who tend to buy in one area, and relate to another person who buys in another area, and this gives you a fair range of most house types I suppose. You might slip up sometime. Generally you can get a ball park figure, and it just needs fine tuning sometimes.

**But are there specific factors that someone from outside the area might not know of, but you do, which might impact on the valuation?**

Possibly, say someone who had not valued in Pontypridd before would not know straight away the most popular areas, but I guess anyone could get an impression that The Common was quite good by just looking around at the views and the general environment. The comparables thrown up, if you didn't know the areas at all, you wouldn't know some of them were totally the wrong side of town, and totally different relating to it.

**Have you any specific examples?**

Examples, well possibly, ease of access to main roads, and how quickly you can get to the main centres of employment in the area really. There is a dual carriageway leading out, accessibility to places. Accessibility tends to be a big thing.

**How important is local knowledge in the valuation, and why, if it is?**

It gives you an advantage before you go to a property, before you start you know what you are looking at. If you haven't got this local knowledge, you've got to get it, if you're a qualified valuer, you should be able to work to get the information you need, but if you've got local knowledge there are certain things you are going to know to start, so you haven't

got to make enquiries with local people. It's not something someone from outside the area couldn't do, it's just at the end of the day, it would take realistically longer to find out.

**How did you acquire your local knowledge?**

Just experience I suppose really. I spent the first six years working in Pontypridd, even though Valley's have gone on a lot you still know, remember which were the good areas, which were the bad areas. You can go back think what prices were 20-30 years ago, what prices were fetching then, and get an idea relative to other areas what they're going to fetch today. It holds good in quite a lot of circumstances.

**How do you select your evidence when you are doing a valuation?**

I suppose you look at properties, which have sold at similar prices first of all, and floor areas. You look at similar style, similar price range, and then the area they are in, and try and work out how it relates to the particular area you're looking at the property in. I suppose there are not that many properties of this type in Pontypridd really, it's difficult to find exact comparables unless the one next door has sold, and that so you've got to do a reasonable amount of juggling around with the figures.

**In the example you said there were very few properties available which were similar. In such circumstances what would you do?**

If the property is similar price range, similar accommodation, look at the inspection, see what someone paid, something less for it. Price is the first thing you would look at, similar price range, property of similar style and find out, judge one area against the other.

**What information do you rely on when you are doing your valuations?**

The database is the first and then you, if you are stumped on one, ring the local agents, if you see a couple of boards in the close vicinity of the property that are selling, ring the agent find what it is on the market at. Most of them are pretty good at giving you prices, if they have been sold, prices that have been obtained as well. You know everybody well.

**In the area you work do you continue to monitor information?**

Yes, you keep abreast. Sometimes you find surprising things happening. As I said before some parts of Cardiff, where the houses are virtually close to the University, basically those have leapt up in price and when we first note them going up, you scratch your head

and, better speak with a couple of people and find if something is really happening. You can't rely on last year's comparables all the time, if something has happened. Sometimes you might get an artificially low figure too, and if you're not happy, then speak to some estate agents.

**Do you have specific people you speak to?**

You do really, you tend to speak to people you know better, you know most agents in that area, who deal with most property in that price range. But you do get some you rely on more than others.

**So some you contact more regularly?**

Yes.

**Do they contact you for information?**

Yes it's a two-way thing really.

**Are there some agents you may avoid, or some you wouldn't put as much weight on their evidence?**

Yes, could say that. Take it, judge what they said, and consider if you should be relying on this.

**Would this impact on the valuation, say for someone from outside the area who wasn't aware?**

Yes there is that, someone who doesn't know who he is talking too, not know how much weight to put on. Of course you do get agents who are looking to value, and another who is selling and local rivalry, that's far too high and they try to twist your arm to adjust the valuation. Again you need local knowledge to get an idea that this is happening.

**As an independent organisation, does that make it easier to obtain evidence?**

I suppose it does in a way, as you say, you're not a rival firm. Yes on the whole they are not going to. The agents like to build up links, a relationship with the valuers because they know you're going to value their property sometime, so if they've got a good relationship it helps I suppose.

**What area do you work in?**

It's a narrow area now. I do go to other areas sometimes, but not on a regular basis, occasionally Brecon, but mostly in and around Cardiff.

**In what circumstances would you go further afield, is that when you cover for colleagues?**

Cover for colleagues, or if the workflow gets a bit low, send you out to do a full days work, you've got to extend your territory a bit.

**Would you say you were competent to value in the main area you work in?**

Well yes, I've got a good database of the main things you are going to need in the main area, and other areas, you could obtain it in the office from other valuer's databases. The other thing is if the valuer is on holiday, you are not able to discuss it at the time.

**If you are covering, would you discuss beforehand, or do you continually discuss?**

You continually discuss. Before the company I worked for, I covered a much larger area. So you still know a lot about it, you go to a place later and things slot in to place. With evidence you get from another persons database things do gel together after a couple of days.

**Do you still have contacts in those areas?**

You can usually find some. You find firms change so quickly these days that different people go into a different office, but you talk to somebody and they're quite happy to give you some information.

**How would you define local knowledge?**

It's a knowledge of the property market, social conditions, economic conditions of an area, what makes a place tick, and the type of people who live there I suppose, the income group of people who live there too. A mish mash of things really.



**If you were asked to value outside your area, in an area you weren't familiar with, how would you go about the valuation?**

I suppose you might drive around the area as opposed to going straight to the house. Drive round the area, to find any estate agents boards, type of area it is as well, how far it is from the main amenities, try and get a bit of knowledge about the immediate neighbourhood before you actually went there, and before you take in details of individual houses. Then afterwards I suppose you might have to get down then to looking for market evidence in the area and then get to relating to how accurate this evidence is and whether, because in some areas and you get one individual road is regarded as a good road, and you can get thrown a bit I suppose. Difficult on a one off basis. Could soon pick it up in a couple of weeks, but on a one off basis then, everyone is struggling a bit, if you didn't have anyone you could speak too. Certainly drive around first and find, get an idea of what makes a place tick.

**You would try to get additional evidence then?**

Yes I would say so.

**Would you just speak to agents or valuers in the area or maybe local people?**

If there were a vendor at the house you would try and find out as much through casual conversation as to how quick the house sold, how long it was on the market, whether houses often come on the market in that area, and try and get as much information as you could from the vendor. Often get some useful information sometimes.

**Do you do that normally in your area?**

I suppose you do, yes normally ask how long the property has been on the market, gives you an idea. I suppose you do it subconsciously, have a conversation.

**It becomes routine?**

Yes some are quite chatty, others let you get on with it, and don't enter into conversation. Some get on; they will talk if you have any questions, have a chat then.

**Could you get a job elsewhere and would there be any limits in getting that job?**

It's always more difficult to get a job outside your own area, I did try to get jobs outside my area once, and did find I would lose out to people who did have good local knowledge of the area. Local knowledge is something employers tend to go for with valuers.

**So how long would you say it takes to get to know an area?**

Well not all that long if you are working in a department with other people who could help you. If you're in an isolated position on your own it might take a bit longer. Working in an established office you should pick it up soon I would think.

**Is it linked to the frequency with which you do valuations?**

Oh yes, very much, if your working for a building society your doing five valuations a day, day-in-day-out you would pick it up much quicker than if you are in a general private office where you are doing other things I suppose.

**With your organisation if they were to advertise, how many years' local knowledge would they want a valuer to have?**

A couple of years they would normally say. It's a bit arbitrary I suppose.

**Is it more important with a building society, as the valuer will be on their own, as opposed to practice where there will be a supervisor?**

Well I don't know if all building societies work the same. We work a patch, now things have gone computerised, the system works better for some reason if you have your own area there. I think at one time building society valuers used to cover other people's area on a more regular basis so, had a wider knowledge. In a circumstance like that you pick up that much quicker, but it is surprising how you can become, you've known an area, but can become rusty on exact values if you don't go there on a regular basis, it can get a bit rusty as to fine tuning your figures. You get a rough idea.

**In the area you work it is fairly constrained, but are you more competent in that area than say if you worked a wider area?**

I suppose yes you do, half the time you do because after a while you go to a road or group of roads, and in the past few months you've done something which is pretty well

comparable. On that basis it does help, on the downside, if you do have to go further afield, you find you are not as conversant as you were a year ago.

**As a building society in what cases would you use panel valuers?**

Well if the supply of work is too great for you to cope with reasonably, there are certain outlying areas where we wouldn't go unless we are short of work, the valuer in the Heads of the Valleys would have much more chance than a valuer in Caerphilly or Pontypridd really because there is less chance you would have time to go up there than places more accessible.

**Do you place limits on the appointment of panel valuers?**

I think when you do the appointments, I don't do this, but you do ask for the postcode areas they normally cover, and if you think they're unreasonable you would tend to keep the sort of mileage for one office, you wouldn't go further than a 10 mile radius I shouldn't think. But then you go to mid Wales and you do expect them to go further, there isn't enough work, I suppose it does depend on the density of your population really. Some valuers in rural Wales travel 30 miles is not considered too far.

**I suppose it's a different type of market?**

Yes that's right, I suppose there's that about it because of where you are.

**In the area you work would you divide the area up into different markets, or divide up for accessing comparables?**

Well, no you don't. Accessing comparables is something the computer sticks to postcode areas. And you have to work out yourself what you want to put into it, to try and get out the information you require. You put in the postcode area and try to think of the type of property you want to bring out. The <\*\*\*> system isn't very helpful at times; you have to know exactly what to tell it to do, so it's hit and miss with what it comes out with. They go to postcode areas, detached, semi-detached, terraced that sort of thing, but it doesn't really help you with whether it's a good area, bad area or within the broad postcode area.

**But you tend to know from your own experience what an area is, and where to draw evidence from?**

Yes, that's right. There is quite a useful column on the system that is quite useful, with figures for price per square metre, it's quite useful to go down that and see properties of that area, and then go back to that address and look at it as a starting point and see if it's, it should be in a similar end, area of the market.

**When you are looking at a valuation, do you find you could be looking as far as street level, you wouldn't go further afield, the factors, which impact are at street level?**

I suppose they are to a degree, if the street is roughly a comparable street or area. Again I suppose it helps if you work in a pretty densely populated area; you should be able to find the stuff you need.

**In your area, do you find it difficult to obtain evidence for your valuations?**

Not often, because it's a pretty densely populated area really.

**What area does your office cover?**

Chepstow, down to Bridgend really, then most of the Valley's, Merthyr to Ebbw Vale, Brecon occasionally. We then have a valuer in Swansea who has I guess enough work to do from Llanelli through to Neath. Outside that I guess it would be panelled out. Apart from that you are talking about North Wales. We do employ other kinds of valuer, not wholly employed by the company, but on a part-time, self-employed contract. One who used to work Cardiff, now in the Forest of Dean, the outlying stuff. We find it more economic than panel valuers I suppose. Not enough for a staff valuer, but enough for someone on this basis.

## **Interview with anonymous valuer 6**

**Date: 18<sup>th</sup> September 1998.**

**Duration: 36 minutes.**

**What factors or attributes which you have knowledge of, makes you more competent to value in your area than someone from outside?**

Local knowledge is essential for a valuer, for example in South Wales, mining is a big factor and there are areas of Swansea, where I am based, where you know there are mine shafts which have a bearing on value, but also, you know of landslip areas, not to do with mining, which again would have a bearing on value. Those not knowing that area would perhaps not know these things, and wouldn't ask for appropriate investigations to be made.

Background knowledge is essential, but also within an area you can get differentials in values along a street depending on the side of the street, where it is on the street. These little factors are very important really in arriving at valuation figures because you can easily get caught out even within a particular district of Swansea, Pontypridd or wherever. It is important to get, to have an overview of the particular market of an area, otherwise you can't value.

**Do you know of any specific examples?**

Well I remember doing a valuation of a property in Morriston in Swansea where I knew it was in a landslip area, designated by the local authority, so my advice to the Building Society was, before you proceed further, investigate the landslip aspect. When the searches came back it was confirmed it was in the designated area and the mortgagee didn't proceed, on that figure on the mortgage. The gentleman who owned the house, who was remortgageing, wasn't selling, went back to his former building society and said why did you lend to me as it was in a designated landslip area, and it turned out the valuer who did the valuation wasn't local. It could be argued that the searches should have uncovered this, but didn't – so who was to blame I don't know.

Examples within areas, houses on the periphery of a bad public sector housing estate which has a bad reputation, people in the know wouldn't buy houses in that area because they know of the hassle they can get from the people on the public sector housing development.

On modern developments, which seemingly are fine, we've seen examples where a new estate was built and some of those houses were bought by a housing association, again they bring in their "resident" and this tends to impact on value again, there is a snobbery aspect to this, if the house next door is owned by a housing association they could have no end of turnover of residents. People, who don't own the house, don't take the same pride in the house, which might impact on value. People in the know, might know this, and perhaps not buy, but the valuer might come along, and not know this from an inspection, not necessarily take this into account. It's important to have comparable evidence to reflect this.

**Do you find you still have to watch yourself in the area you work?**

Oh yes, absolutely. You are learning all the time, litigation is an ever-present threat for a valuer, and you have to be aware these days that if you get it wrong people are litigious. Whether encouraged by solicitors, is open to conjecture. You have to keep your knowledge up all the time otherwise you can get found out. That's certainly very true. The mortgage valuer doing a mortgage valuation is being pulled several ways. In a perfect world – here's the house, you're perhaps not given the sale figure and you do your valuation, arrive at the figure and that's that. But you are told the figure, the purchaser wants to buy, the seller wants to sell, the mortgage lender wants to lend the money, and the valuer goes along, and is aware of this and doesn't necessarily want to upset the deal unless there is good reason to do so. That shouldn't be a factor in the valuation, but in today's commercial world, unless there is good reason not to down value, you wouldn't necessarily do that.

I remember once being rung up by someone from the RICS who, I think were doing an investigation into reciprocal arrangements between lenders and firms of surveyors, and whether they would get work if they gave mortgages back. You get this, if you give an introduction, and they said "does this go on?", and we said of course it goes on, it's the way it works, most Building Societies will tell you this is the way we work, if you give us mortgage work, we'll give you valuation work. And in the end the report denied this and it's just rubbish because this is what happens. That's how business works, if you give me work, I'll give you work. Everyone knows this happens.

**I remember that, it was the MMC report. Also in this report they noted valuers covered a much wider area, mostly Building Society valuers, and local practitioners complained about that?**

Yes, and in fairness me being employed by <\*\*\*> that is something I do. I can't know all the areas I cover. I have an in-depth knowledge of Swansea, Neath, Port Talbot, Llanelli, and the areas in between, but I can't have an In depth knowledge of Cardiff, Pontypridd, the Valleys, because it is unrealistic to have that. <\*\*\*> is aware of that, and I'm covered under their professional indemnity policy, so that isn't so much a threat to me, it doesn't mean I'm not bothered so much, just they must be aware that I can't have knowledge of the area that I cover, as I do of Swansea. I have the benefit of working in both capacities as a staff valuer and panel valuer, where I'm given work on a one-to-one basis. As a staff valuer I'm sent all the work that comes to <\*\*\*> and as I am salaried for one day of the week, how many valuations I do isn't a factor, the fact is <\*\*\*> want to lend the money. If I were down valuing all the time, putting retention's on without good reason I would be told about this, asked why I am doing this and upsetting the business. Again introducers are very local in this, if they feel a valuer is being unfair or hard in the valuations or retention's they impose, then they will voice concern to local branch and will feed back to the valuation department. In fairness the valuation department will support me. There is an underlying message of don't do it unless you have too, and this is where business comes into valuation. And this is where you are aware that there is someone wanting to sell, someone to buy, someone to lend the money. If the deal goes through then everyone is happy unless you overvalued, or haven't spotted a defect which the purchaser doesn't like and will come back to you to seek compensation or whatever.

**So it's only if there is a major problem then?**

Not necessarily, but maintenance, the close proximity of trees, the impact they might have, or other factors as well which impact on value or the lending by the society. Again as a panel valuer, for example, I was asked "why did you put retention on this property?" It was to do with a gas vent in the outside wall, and I was concerned as to how it was fitted, and said well it's got to be sorted out now, potentially dangerous, and put a retention on the mortgage so that the work is done, and they said no, there is no need for that. So you are directed.

**You say you are not proficient in certain areas as others, how would you go about the valuation there?**

Get as much comparable evidence as possible, and rely on that. You've got to remember you're not going to have perfect knowledge and valuation is not an exact science, so you arrive at figures that way.

**Do you speak to others?**

Yes, I have regular contacts with other valuers and agents. Preferably valuers as they know what you do, they do the same things as you, I've got two or three contacts in any of the areas I cover that I can speak to and find out about information.

**Do you do that all the time?**

Yes all the time. Some are friends from college. Other you have met in business.

**Do they contact you?**

Yes it's a two-way thing, works both ways.

**You say you don't rely on agents, estate agents?**

Well they represent the vendor, they want to sell the house, I'm not saying they will tell you something to sell the house, but you're not going to get a true picture from an agent. I'm not saying the agent is misrepresenting you, because they can't do that under the Property Mis-Descriptions Act. He's there to act for the vendor, sell the house, his commission is based on the sale of the house. So you can't rely on what an agent tells you unless it's maybe about a property he is not selling, in which case you might have more reliable knowledge. But you've got to try and get as much information as possible, or disregard what is not relevant, what is you don't think is that good.

**Do you find some agents more reliable than others?**

Perhaps not knowingly providing incorrect evidence, I find some agents who don't have a grounding in property anyway, they might be sales people who are trained to sell. That doesn't help me, all I want to know is the details of the house, and so you have to be very careful. I wouldn't criticise them, they won't deceive you, most are fine. In the area I work



in Swansea, you know who you can trust, and who you wouldn't rely on. But that's true throughout any industry.

**Is that part of your local knowledge?**

I think so, I think that's a factor, knowing who you can rely on. Of course hard evidence is the best evidence - a sale, comparable of a property that is very similar to yours, that is the ideal, asking prices are helpful, but should not be relied upon, because they may be an inflated asking price. Or the asking price doesn't reflect the fact, or does reflect the fact, there is a structural problem and that, if you haven't seen the property, it will give you a distorted valuation at the end of the day. So you've got to be very careful.

**What area do you cover?**

I do two jobs, in my partnership, based in Swansea. I have good knowledge of the area. I also value for <\*\*\*>, but knowledge of this area, I have 10 years experience, and can't profess to have the same level of knowledge as there. The <\*\*\*> employ valuers who cover much larger areas than that, and are prepared to take that risk, and provide the professional indemnity cover.

**Some of these areas are more outlying?**

Well you'll never get anyone to cover that area there. There are two of us who work in this area, and I tend to go this way, he goes that way, and when we're on holiday I'll cover here and vice versa. .

**Do you discuss with him?**

He works in the same office. We discuss all the time. We do audits on each others work as well, so we audit each others work, which will involve an external inspection and look at comparables and provide a valuation to the third party, and see how far apart they are and discuss if you like.

**In your practice, does everyone cover the same area?**

Yes, there are times when we do go outside the area, we have to, the boundaries are not fixed, we might be asked to value a portfolio of four properties, three in our area, one in Cardigan, and you'll either say, oh I can't do that one, or go there and do some specific research for that one. We wouldn't cover that area as a norm.

**Would you say geography was an important aspect in local knowledge, is the size of area you cover important?**

Yes, in London, some people might cover an area as little as five miles because of the compaction there, and moving 10 miles outside there is fatal because you wouldn't have the knowledge, there is such a differentiation in values. In South Wales within certain areas where I work, the coastal belt, you can go further afield than that, but normally speaking 25 miles would be the sort of area. You might go beyond that, but not on a day-to-day basis. Building societies employ staff on a different basis, they require valuers to perform, and if they can perform and meet their targets just covering an area within 25 miles then that's fine, but on quieter times they have to go further afield, then they will do that. They'll panel out to other firms, but if they're not meeting their targets they will travel further afield. It's a business reality.

**I suppose you have to weigh up the risk?**

You've got to weigh up the risk. In my work for <\*\*\*> I've never had a problem, you get people niggling, didn't spot this, loose latch, loose rendering, but there hasn't been a problem in that sense.

**As a panel valuer do you find lenders restrict the area you work in?**

Yes they have manuals, each lender will have a manual of guidance on valuation, and that will say normally how far you can travel, and if you have to go outside that you will have to contact them and check it.

**So that limits the local knowledge?**

Yes

**Would the area be the area your practice covers?**

Well we very rarely go outside our area. It's funny because with residential property it's important to have a knowledge. With commercial property where it is more scientific with the valuation approach, you're on safer ground. With commercial if you are valuing outside your area, if you have the comparable evidence as to rate per square foot/ metre, the yield, you can be fairly certain in your approach. Larger firms will cover the whole of the country in valuation of commercial property that's what they will do. Residential tend to be more personal knowledge based.

**Is it because residential markets are more local, commercial more nationally based?**

Well, no it's not true universally, we do get national firms ring us up all the time, they tend to adopt that sort of approach, they will be based in London, Birmingham, Manchester, Bristol, and be prepared to cover vast areas because they will have the build up of information which enables them to do that.

**In your area do you divide that up into different markets?**

I mean general markets yes, Cardiff, Newport, Valleys, but within these regions, districts there are other markets as well. Within Cardiff there is Cathays, within Cathays there are streets, and you break it down like that.

**So you use this to select your comparables?**

Well you will never compare Lisvane with Grangetown, because you wouldn't, they are totally different areas.

**So even with street level, a property in one street would not be comparable to another street?**

Yes, you've got to be careful, certainly in that respect. That's certainly true.

**How would you define local knowledge?**

It's only something you could obtain through experience, it's having a background knowledge of your area, and knowing how to apply that to your valuations. But actually every valuer must start at sometime, and even if he values in an area he was brought up in he won't have good local knowledge for valuation purposes until he has been in the market for a number of years to pick up that knowledge. So at anyone time there are valuers who have perhaps, applied for a job as a staff valuer in Birmingham who went to college in London, who was raised in Bristol. Will have on-site training for a few months, but wont have that knowledge for perhaps a few years.

**How long would you say it would take to acquire then?**

Well it depends how well you know the area. I was born and bred in Swansea so that helped me in building up the knowledge in the Swansea area, and I worked in an estate

agency before I came to college, so you tend to have that sort of knowledge straight away. It took me, I don't have perfect knowledge of Cardiff by any means, but it's taken me a few years to know the regions, the areas, districts, within Cardiff to value with any great confidence I suppose.

**Would you say historical knowledge was very useful?**

Yes it's important for things like mining or contaminated areas, landfill areas. Know where properties traditionally sell well, that is important. It's not something you can define any time, it's always there in your mind and you use that perhaps even subconsciously.

**When you are asked for information, do you just give it out to people you know?**

I give it to people I know certainly, I tend to help people I know when I can because you never know when they might be able to help you in the future, so I tend to give out information as accurately whenever possible?

**Are you cautious to someone you don't know?**

You've got to be cautious because under the Red Book giving valuation advice can be construed as giving a valuation. Then again if you stick to the rules as they stand you would never have a viable business. If I said to people sorry I'm not going to help you, there are times when I've used that because I didn't want to help people for whatever reason, that's very rare, I will help people whenever I can, I mean you can't in our business when you need information, you can't be obstructive, it's going to backfire on you one day.

**How did you acquire your local knowledge?**

I was born and bred in Swansea, I worked in an estate agency before I came to college, worked a year in the City Council, after that I worked in Neath and Port Talbot, so that helped me gain a good knowledge of that area. I then worked in Swansea for another three years, then I set up in practice with another partner and so I then felt I had those areas covered. After I set up for a year I was asked by <\*\*\*> to act as a Staff valuer for the whole of South Wales. Really it was a journey of discovery, for while I knew my area, did quite a lot of valuations in my area for <\*\*\*> when I started valuing in other areas Cardiff, Newport, Valleys and areas to the West, it was a journey of discovery because you don't know the areas as well. I was in college in Pontypridd, so you tend to know the area, but not from a valuation viewpoint. You start to build up slowly. I relied heavily on

valuers who worked in the area I did a lot of background research into valuations, built up a database and that's how you go on.

**So you rely more on your database?**

Yes. I'm continually updating the thing.

**Would you say your knowledge of Swansea was a basis for knowing what to look for in the other areas?**

It's similar in that sense, but there are bound to be gaps in your knowledge in any area, and there are probably more gaps in my knowledge in areas of Cardiff, Newport against Swansea as you can't know everything, if you are spending less time in Cardiff or Newport, then you're bound to have less knowledge.

**How much did your degree help?**

No, your degree gives a good background to the profession, but you learn more when you come out and start practising, be it private practice, local authority, district valuer. But your degree, you can't be taught local knowledge. I remember going to valuation seminars, being taught the factors, which affects demand and supply, which affect the valuation, that affect price. That's fine, but in reality you've got to apply all these things to properties and you can't cover everything. And sometime you have too much information of these factors which impact the valuation, and you've got to disregard most of it and say what is that property selling for today, it's selling between £75,000 - £85,000 and then you've got to think, that's your range and got to pinpoint your figure from that. Bearing in mind if you get within 10% of that, that's all the courts think you should be able to do.

**So it's a matter of selecting the salient information and disregarding that which is not of peripheral importance?**

Yes

**Because you're not going to get pinpoint accuracy?**

Well sometimes they'd expect pinpoint accuracy from you, but the courts have said that 10% is as good as you are going to get, so you are going to – the school in the area might not be a very good school, so people aren't particularly attracted to that area because they want to send their children to good schools. But how much of an effect on

value is that. It's not going to have that much of an effect on value if you know the information you have is going to support the figure you have been given. It's difficult – how much information do you take into account.

### **It's very subjective?**

It can be, and you've got to try and stand back from that sometimes.

### **Beyond your database what other information would you draw on?**

At the end of the day, apart from the details of the inspection. So you're looking at details of the inspection itself, immediate area, your knowledge of the immediate area, you draw on that information. But your database would give you your comparables and they would be the hard information you would use to arrive at your valuation figure. You might adjust that figure to reflect the fact that the property, the location isn't as good as the one you are looking at, or whatever, but, it's the comparable evidence.

### **What information do you continually monitor?**

You don't consciously monitor it, you pick up as you read the local papers, the district plan or whatever that's relevant. If you know there is going to be a huge investment or new build in the area which could impact on value then you take that on board. That would be a factor. Your monitoring is just, because you do it anyway.

### **It's subconscious?**

You're consciously monitoring it, but it just gets stored all the time.

### **Is that normal, because you live in the area?**

Yes that right. I sometimes appear as an expert witness for valuation work, and then you do set out perhaps how you arrived at that valuation. That is sometimes an interesting exercise because when you start to think about it, you start to look at what you consider. But mostly providing the valuations it's done in the head based on your skill and knowledge.

### **How much of an influence is the sale price you are given?**

As I said when we were talking early on, when you're talking of residential property, when you're out doing a mortgage, if it's a sale, and you can rely on that sale price, you wouldn't return a different figure unless you felt it was unrealistically high. You're bound to be guided by your figure. Someone says here's your figure, £90,000, sometimes you wish you hadn't been told, and sometimes there is an argument that you shouldn't be told. If it's within 5-10% of that, then it will be confirmed. And that might be a good approach, certainly is an idea. If someone gives you a figure it is in the back of your mind and it does influence you but you have to stand back from that, here's your comparables if it's within 5% I'll put it in at that.

### **Is that if you're comfortable with the figure?**

If you're comfortable with the figure. You have to be careful as people are being given incentive on new build, or 5% cash back on the property which is a way of maintaining a fuller figure, or giving 5% cashback is effectively giving a person a 100% mortgage. So you have to be careful of these things which come in.

### **I suppose with a re-mortgage it's someone's estimate, so you are more cautious?**

With a remortgage they tend to tailor the figure, the figure is put in by the introducer, you need £100,000, you need to borrow £70,000, you don't need mortgage insurance, you need it valued at 100, so it's 70% or below, lets say it's worth £100,000, but that's no way to value property, so you are always cautious there. Perhaps with a further advance you don't have the figure anyway, you know how much they have borrowed, they want to borrow, it was valued at.

### **Even if you didn't have that would you have an idea anyway?**

Oh yes, definitely.

### **So is that from your knowledge of the area?**

From all the comparables you carry in your mind at the time. Definitely. I would say most valuers could give you it within 10% just from inspecting it, what's the property's worth. They may adjust when they get back to their desk and have another look at the figure, but they should have a good knowledge and idea of what the property is when they have inspected it. Unless there is a factor or structural problem, or is the range of work so

much that you would have to sit down and work it out and work back from a good value figure to what it's worth in it's current state.

**If you go to a property you have an idea of what comparables to use?**

Yes you probably say that you valued that one round the corner or that one sold round the corner, immediately you are flagging up potential comparables. And if you haven't, you have to go back and do some research.

**And that is something a valuer outside the area wouldn't have?**

Yes, he wouldn't have the database of properties or perhaps the contacts to find out some more sales information.

**So it would take him longer and there would be more of a variation?**

Well there might be, sometimes I've seen when people are valuing outside their area are particularly keen to get as much information as possible and as long as they have got that information and taken everything into account they should provide an accurate figure. Sometimes having not so good a knowledge of an area makes you research deeper into the information you need, and you arrive at a figure based on sound evidence, in which case your not necessarily wrong. Coming into an area doesn't necessarily mean you get the valuation wrong. Somebody's got to do it, and if it's someone from outside the area then so be it. As long as you do your proper research.

**So it's knowing where to obtain the information?**

And how to analyse.



## **Interview with anonymous valuer 7**

**Date: 23<sup>rd</sup> September 1998.**

**Duration: 26 minutes.**

**What factors, which you are aware of, makes you more competent to value in your area than say someone from outside the area?**

Sales and working in the area on a regular basis I would have thought?

**Are there any specific examples that you know of, which someone outside the area is not aware of, which may impact on the valuation?**

Well I think inevitably if you are working in an area, working there on a regular basis you have a more intimate knowledge of values and possibly buyer preference. Certainly when I was working in Newport, and I think it's possibly the case in Pontypridd, and we talked about when we went up, you have a situation where the major commercial centre's say Cardiff, and you get valuers coming in on maybe a weekly or bi-weekly basis, and they cannot have, I don't think as good a knowledge. They can only gain a snapshot again possibly in the way you provided the comparable evidence. That information is useful, backing up somebody who has already got some knowledge, but if you are getting somebody in from afresh, certainly a first time visit, that that's possibly, they are not likely to get that fundamental information, they are struggling, and they are not likely to come up, lets say, with a reasonable answer. Inevitable a valuer becomes more conservative as a result, because of negligence, he's not going to put his neck on the line for a full figure if he can't get evidence to support it.

**How important is local knowledge in the valuation?**

Extremely, I couldn't put it any stronger.

**Where did you acquire your knowledge?**

Just being involved in, from my professional point of view I started in Cardiff, but developed through the Valleys, I was there involved as a staff valuer to a building society with a wide branch of network so that you were going into areas on a regular basis, although I suffered by not. I'm one of those chaps I've just disposed by coming in from Cardiff, going down to say, I can give you an example of going to Haverfordwest to value

property for a lender. In the time I was doing it, that was a two hour drive before road improvements, we had a branch there and I'd never been to Haverfordwest in my life before, but I had to value a house. I was fortunate to a degree in that I got local assistance from agents and I managed to set up a reasonable barometer, but at times I was out on a limb there, and got criticised as a result because I got the wrong answer occasionally, I know I did.

**As a building society I guess that was commercial pressure?**

I was appointed a staff valuer for Wales, and we happened to have branches in Cardiff, Newport, Swansea and Haverfordwest.

**In your day-to-day work do you make contact with others?**

Oh very much so. With the way we're working now, I am responsible for so-called field valuers, my practice is ISO 9002, we have to get three comparables to back-up every valuation, preferably open market sales, so there is a need to speak to other agents and luckily there is a degree of co-operation. Today I spoke to agents, I've seen this property of yours, what have you sold that will help me in arriving at my figure. To an extent it only pads it out, and it's not so bad at the moment because the market is reasonably active, and there is a fund of information, what happens in a quieter market then I think local knowledge comes to being even more important, because a valuer coming in from out of the area wouldn't see sale boards up and wouldn't necessarily see a transaction in the street.

**Would you say having the network of contacts is important?**

Very much so.

**Leading on from that, you say you get information from agents, would you say some agents are more reliable than others?**

Yes, and again you get to know through local knowledge the one's who's opinions you can take, lets say prima facie evidence, where as others, I've known agents to be mischievous and give valuers the wrong price because another agents is involved in a sale they want to bugger-up for want of a phrase, and you can do that, tell somebody some spurious information, which sets the ball rolling and effectively leads to a down valuation.

**Do you have problems getting hold of information from people?**

You can do from agents, I think the other difficulty is, within rural areas or with individual properties, it's easier or comparatively easy to assemble an opinion of value, possible in the example we have just looked at, or, where you have got a reasonable selection of, or would seem to be identical or directly comparable properties. But where you have got individual properties, or have got certainly scattered communities where there are very few properties, so you are maybe dealing on a village by village basis rather than street by street, it's difficult, and then you will probably not get your agent co-operation because it involves an agent in, giving away possibly, not necessarily confidential, but important information, you may not speak to the right agent because of the volume of sales, and also the valuer has to interpret the information. Comparable evidence is one thing but you still have to interpret it.

**What would you do in a case where you had limited evidence?**

Try to assemble as much as you could, whether you would be drawn by a figure, whether you would reach a reasonable compromise based on, what necessarily isn't a crucial factor, but loan to value, that sort of thing. Valuers these days are under a lot of pressure to make applications work so there is a degree of tolerance, inevitably. I try and always come up with a correct figure, of a figure I feel comfortable with. And if you are out on a limb, you do need to be able to hang your hat on a particular sale if you like.

**When you are valuing, do you divide your area up in some way? I don't know how wide an area you cover?**

Extremely, at the moment, some recent examples. I'm based in Bristol, I've got responsibility for the whole of the West Country, so that involves Bridgewater, Taunton, Exeter, one in Bournemouth, one in Swindon, and in the last month one of my valuers was on holiday and we kept taking instructions so I went from Cardiff to Swindon, which covered an area with not a great deal of prior knowledge and covered an area which eventually went up to Oxford, and I could not have done that without getting the help of local agents.

**I mean you have your own database?**

Yes we have a comparable database.

**Did you speak to that valuer before he went away?**

Yes, we had a meeting together to get some idea, and within say Swindon, there's plenty of sales, activity. It was reasonably straightforward as an experienced valuer to collate the evidence and make the decision. But similarly, I can think of a couple of scattered communities, say Faringdon way, Abingdon, up to Oxford, where, there were circumstances where I just had to guess it. Fewer properties, limited number of comparables. Property newspapers are a guide, and again agent's co-operation is a necessity. I managed to get that of course.

**I was talking about this division, when you are drawing on evidence, do you divide the area up, are there individual markets?**

I think there are, yes, inevitably. That was something I was going to mention when we talked about local knowledge, in a particular town certainly in the Valley areas here, historically there are particular streets that are popular and other streets that are unpopular, and areas of marked difference in price, and certainly I'd show a distinction between urban and rural.

**So you are saying drawing on evidence, knowing one particular street is different from another, is important in knowing which comparables you can draw on?**

Well you would need to; it would be misleading to be provided with a comparable that didn't take full regard for what maybe the premium a particular street might attract. Like The Common, values on The Common would be out of sink with values of terraces within half a mile I would think, OK, The Common is a well known respected area of Pontypridd, but certainly in other Valley towns there are streets where the doctors and the school teachers lived and they are villa type properties as opposed to working class houses.

**In the area you cover are you proficient to value in all that?**

No, I don't think anyone could pretend to be, because you have to be on the spot, certainly I would have said within the last six months in Newport yes, I was with a bit of luck, gained a professional reputation for reliability, because of the sheer volume of transactions I was seeing, either by being involved in sales, I had a practice selling houses, similarly in receiving the number of transactions to value other properties, and you develop your own database.

**So frequency is important?**

Yes, at the moment, I'm working in Bristol, a much larger catchment area, greater number of housing stock, a greater differential in the style yes, in Bristol you can have a situation in which you've got, say Knowle and Whitchurch in South Bristol. Whitchurch is reasonably popular where prices stack up, whereas Knowle is within half a mile, got a particularly notorious local authority housing estate where values suffer as a result. I think most valuers coming into the area would pick that up, but again there would be local nuances, which you would have to be aware of.

**So does the buyers perception of an area, that impacts?**

Yes, indeed. Schooling important, that's fundamental.

**You've worked in different areas, how long would you say it takes to get to know an area?**

That's an interesting question. I've been in Bristol now for nine months, looking after stuff, working on the ground, I know the area pretty well, but to answer your earlier question on proficiency honestly, I don't think I could pretend to be an expert, I don't think I would hold myself up in a litigation case, whereas as having been in a practice in Newport for ten years prior to that, then I would hold myself up as an expert. So how long it could to become an expert in Newport, I had prior experience in Newport, a couple of years, when you feel comfortable. If I had a residential negotiator, I certainly wouldn't take him out on instructions not for the first year, eighteen months because he just wouldn't have the experience.

**So you would supervise?**

Well, he needs to get a feel for the market.

**Are you continually updating?**

Yes, well as the market changes anyway, you have to, certainly in a growing market, value wise it's been an element of status quo if you like, but in certain pockets values have been going ahead, and in a rising market it's difficult.

**If you were asked to do a valuation outside your normal area, hypothetically, how would you go about it?**

Well first of all I would think seriously as to whether I would take the instruction, we impose a limit of 25 miles and most lenders do. I wasn't particularly happy of doing some of the things I mentioned to you, say Swindon way, but it was a needs must basis.

I would go inspect the property, look at it, go and find my comparables; I certainly wouldn't go and find my comparables first. I would want to see the property and make my own value, make my own value assessment of it, and get my own actual feel for it.

**Would you drive around the area?**

Always, I would do a quick trawl, certainly if I have the time, try and find some other agents boards in that quick time, to get a feel for the area. I would look at the property press, most towns now have property newspapers, and they can be very useful in providing a snapshot, and then you'd be looking for boards, preferably sold boards, and talk to maybe two or three agents and just get a feel. I think I would do that in the majority of cases.

**Would you prefer to talk to agents or actual valuers?**

I would always talk to agents, invariably talk to agents, if I had access to a reliable local valuer who was doing the same sort of work then possibly I would.

**Any reason why agents?**

Because they're involved in the volume sales.

**They're more in touch?**

Yes, if I knew a valuer who was involved in residential agency as well, and he was accessible then that would be a good port of call, as he would provide you with comparables from both sides. If you are talking to a valuer who is working exclusively for institutions then inevitably he's not going to have the volume sales, and in the major towns you have the estate agents working on purely a local basis, local satellite offices who know the time of day in their area. Were getting back to local knowledge again.

### **How would you define local knowledge?**

I would have to think about that one. It's the knowledge of transactions and the ability, to reach a reasonable conclusion based on those. It's all about volume. I don't know how one can define local knowledge, I'm not sure I can do that.

### **I suppose it's subjective?**

I think it is subjective, you and I both know what we understand by local knowledge, but whether we could effectively put it into words. I'd have to have some time to think about that one.

### **Do you get called by other people for details?**

I used to in Newport.

### **Do you give information out to them, or those who you knew?**

If they were fairly regular callers, I could think of a valuer who, because he acted for <\*\*\*>, was doing part exchange valuations, perhaps the whole of the South Wales coast, would come to Newport quite frequently and he would always, almost without fail sound off, bounce off the valuation on me. I always helped him because as a network of surveyors and valuers, you don't know when you might need help. And that was just my way, I'd be happy to help, it's quite pleasant to be asked.

### **So it's more reciprocal?**

Yes I would always have helped as best I could.

### **In terms of this study were there any particular details you would have rejected?**

Yes I'd rejected the smaller terraced houses, lower down, the bungalows, the modern stuff, I knew from my local knowledge, limited though it was, previous knowledge of an historical nature, I knew what I was looking for, I wasn't coming in totally cold. An experienced valuer coming in wouldn't have been that concerned, apart from establishing a degree of the tone of the list to use a rating term; you're interested in the larger stuff. The modern stuff I wasn't very interested in.

**So you know where to draw on?**

Yes I think an experienced valuer would do that, if he was presented with those set of comparables, I would have thought he would have come up with a reasonable result.

**A case of reducing everything down?**

Yes.

**So you do just residential work?**

Yes at the moment, as I mentioned previously I had experience in other areas in commercial, and development work.

**When you go to a property do you have an idea of what they are worth?**

Well, coming back to your other bit of research, because lenders tell you the purchase price. I used to years ago, when I worked for <\*\*\*> we made a point, we always hid the instructions, and I tend to do that now and again just to test myself, so you don't get drawn to the figure because inevitably you do get drawn to the figure, you really do, and that's why this is an interesting exercise apart from the point that you have what the guy thought it was probably worth.

**In the case where you have the owners estimate, would you place less weight on that figure?**

There is a lot of remortgage work going around at the moment, and I'd place less value on their opinion of value, certainly until I've done my research certainly because there have been a lot of remortgage deals which depend on a certain loan to value figure that people who if they have only got a 70% loan they get a much better fixed or capped rate whatever, they try to find that gap by finding the loan to value figure, by inflating the value of the property so they say it's worth £63,000, when probably they thinks it's only worth £55,000, but it needs to be £63,000 to make it tick. Now in some cases in an artificial market then, you're prepared to if it's a case of sink or swim then sometimes you support it, if you know you've got some evidence, you know the property has got some redeeming feature then you give it the benefit of the doubt. If it's an absolute shed and the loan to value figure is quite high, then inevitably you are a bit conservative, and I suggest the valuer coming out of town is going to be even more concerned.



**So there is a range of values and if it's within that?**

Yes, certainly in litigation, valuers feel comfortable if it's within a certain range of values. The courts do suggest there is no right answer, and a degree of tolerance. I don't think you can entirely rely on that to be honest.

**Are you aware of valuers who do work out of area?**

Oh yes, very much so.

**And are there cases of down valuation?**

Well as I said to you, from recent experience in Newport, then it happened, all the time. I can name names if you like, I have a contact in Pontypool, and they used to suffer greatly from valuers coming up, because valuers didn't know what they were doing. Some would send immediate graduates from this University to do valuation work.

**So it's not just a case of local knowledge, but experience as well?**

Exactly, it was needs must, they had the work, and it was the only way they could employ the graduates, and it was a way of learning, inevitably some incorrect answers were arrived at. Certainly based on inexperience.

**Would you say it has changed more now with the introduction of the Red Book?**

I would hope so, on the basis that people have got to get three comparables, or a number of comparables, then one would hope things would have improved.

**Is the requirement of the number of comparables a requirement now of ISO 9002?**

Certainly you have to set a standard, certain companies set different standards, some companies I know only have to get two, or two asking prices, you have to show on your site notes you have done some research, but as we discussed earlier you're only as good as the comparables you provide. And that's where your experience counts, your local knowledge, and how you interpret the comparables.

## **Interview with anonymous valuer 8**

**Date: 29<sup>th</sup> September 1998.**

**Duration: 30 minutes.**

**What factors or attributes, which you are aware of, that someone from outside the area doesn't have, makes you more competent to value in your area?**

There are several things. You've got micro locations, take for example in Barry where I work there is an estate, and it generally gets worse the farther you go east, and there are some hot spots, there is one particular road there, where there are three extended problem families, where the value of the same house quarter a mile away on the same estate could be three times the same value. So unless you knew the value of that road was blighted you could fall straight into a trap unless, you have sound knowledge that could tell you.

There are other specific local building issues, again in Barry where I work, where if there is a very soft limestone that basically isn't water tight, it develops cracks within the stone itself and water works it's way in through capillary action and eventually if you look at them, well they look like an ordinary stone wall, but, it's not, it's a dressed stone front, and will eventually fall out onto the road, unless you are aware of that you could catch a cold, and I've seen it happen to valuers quite recently.

Those are the two things. Micro hotspots or cold spots if you like, and local building things, like radon, and mundic blocks, though you don't get them round here, things of that nature. Also, topography, certainly there are areas round Barry where there are underground aquifers, and you can get subsidence, on one house and the one next door not affected at all. You've got no way of guessing, but certainly those in the know, can identify their area where they are prevalent.

There are other historical things, areas of similar houses that have got stigmatised, the old work houses, as a result the site got off to a bad start and it's never done well. Just general local knowledge, knowing what's going on in an area, and I don't think you can really know a particularly big patch, geographically I would say, it wouldn't be more that a 5 mile by 5 mile area, if it's an urban area certainly, because there is enough going off in that area to keep you occupied.

**In a more rural area, would that be wider?**

I would have thought so, probably because there is less variation within a given area than there is in an urban area, certainly in terms of, the buildings are less dense and the areas vary less quickly as there isn't so much in them.

**How important would you say local knowledge is in the valuation?**

Extremely important, I'm sometimes telephoned by what sound to be, not even secretaries, in the Midlands, asking me for 15 word descriptions, to describe comparables of houses, so one of their valuers can value something, that to me is a nonsense, as it doesn't have any true meaning.

**Do you find valuers come into the area from outside quite frequently?**

I would say all too often, we do, it's all to do with panels, the way the companies are appointed to panels, and they may be appointed for quite a large area, perhaps the larger building societies, although they tend to do their valuations in-house, because they do a lot of business, their valuers can be fairly localised, even though the company they are engaged by may not be local itself. Sometimes it can be OK, but other times I come across valuers who do barely know where my town is, let alone what is going on in it. It certainly goes on sometimes. I had one just yesterday, where I had to value a terraced stone cottage and it was number four, and in the past I've sold two, five and seven, and he asked me to go along and do a valuation, and I'm confident I can go along and do those houses to the nearest £500 or if not the nearest £1,000. I put, £27,500 on it, he's just been given a second mortgage that will take his total borrowing to £29,000 based on a valuation of £33,000. Well that guys been misled in my opinion, without a doubt, and I recall the valuer phoning me up a few months ago asking me for comparables, and I remember telling him what value I thought the house was worth, and I thought it was worth quite a bit less than the figure he put down. So I think he was wrong there. And the guy too, he thinks he can get £33,000, but I wouldn't put the house on the market at the price he needed, it's wasting my time and money, the best I could do is put it on at £29,500 and see where it goes from there. Which would at least given him the chance of getting the £29,000 back, but really I'd put in on at £28,500 to get £27,500.

**If valuers from outside do call for information, do you give information out?**

Yes, generally I do give information out, because although I don't agree with out of town valuers, at the same time it's worse if they don't get their valuations right.

### **How do you select your evidence when you are doing your valuations?**

Well I only tend to do valuations in Barry where I run my office from, occasionally I go into Penarth. Generally I would speak to the other agents, I'd go there and take all the information, see what's for sale there, if not knock doors and ask people, sometimes if I'm invited in I'll look there, I'll phone up other agents as well. We tend to be, certainly with professional valuations quite forthcoming with information. If people are looking for comparables in the market to look at what to put the property on the market for just to sell, that's not the case. I will do valuations, homebuyers valuations, I'll do within a 10 to 15-mile radius of where I live but I don't do them so often outside Barry, perhaps one in seven, one in ten.

### **The agents you talk to, I presume you know them quite well?**

I tend to be on fairly good terms with them I suppose. More so for the ones outside Barry because we have got no rivalry. For the ones in Barry, because I've sold a few houses, I can, if someone asks me where any road is, I can tell them where the road is, tell them off the top of my head the prices of houses I've sold there, so for that I don't tend to do such a huge search. I wouldn't go, as far to say it is gut instinct, because that is of no value if you are asked to show something. But a lot of it, if you do have local knowledge, is gut instinct, but you ensure you have got evidence there to base that judgement on. It's relatively easy valuing houses if you work in the area all the time.

### **Before you go to an area do you have an idea of what the property is worth?**

Well it depends; there are a lot of different property types. In Barry where I live, nearly all were built between 1890 and 1910, I would say 75% of the building stock, and I would say there are three different sized terraced properties that you are dealing with. So it's what you think they would be worth if they were in good condition in that street, subtracting off, putting them into that condition and looking at comparables that have sold in less than good condition.

### **How did you acquire your local knowledge?**

I picked it up. When I started up I assumed I had it. I perhaps, to start with, did a bit more phoning around. When I started, although I set up my own company, I took on a semi-retired estate agent who'd already worked there himself for 30 years, so I'd get a fair bit of guidance from him, so although I set up as a chartered surveyor, he'd do the

valuations for the first six months, while I was still doing commercial work and slowly the crossover came, so I didn't chuck myself in at the deep end entirely.

**Do you do purely residential?**

I trained doing commercial valuation, doing rating. I'm trained in rating valuation, so the house side of it I picked up really.

**How long would you say it takes to become competent to value in an area?**

I would say, those parts that pertain to the structure of the house, disregarding those few little local things that I mentioned earlier, about stone work or radon. Generally speaking the cost to re-wire a house, if you've got to re-wire is not going to vary a great deal from town to town. So that information, which is transferable between areas I would say you get a good grounding in three to four years, something like that.

The local knowledge side of things, I would say takes about the same amount of time. Again I think, the longer you have been a valuer the quicker it will be, because the quicker you will pick up the clues to identifying areas, if it's local authority, the cars people driving, picking up the tone of values of an area. So the more experienced you are, the more you can foreshorten those timescales.

**So you have a better idea of what you are looking for?**

Yes. But there is no doubt local knowledge does take time to acquire. For both of those, even for the experienced valuer it's going to take a couple of years to pick up decent local knowledge and that being busy. Obviously if you're not as busy it's going to take that much longer.

**Would it be easy to work in another area?**

I wouldn't want to set up on my own immediately in another area, because I wouldn't feel confident to do so. I would join another company as a junior partner if you want on a two year change over deal, it would be a progressive thing, if someone's about to retire, so they want to take progressively less partner business, and as I get to grips with what is going on, take on more. A straight swap I don't think would work. So client relations are taken into account from a companies point of view.

### **Would you say you were proficient to work in your area?**

I would say I'm probably one of the best valuers in our area. In terms of estate agents valuing, there are not any qualified, well I know people are going to say what is qualified, experience is a lot. Unless you have the construction knowledge, the planning knowledge and the underlying knowledge in law, a lot of this stuff passes them by. I do know agents who have based the value on the pattern of the wallpaper. You know, they wouldn't spot poor wiring if they saw it. So there are quite a few untrained people out there who get their instructions. Now it depends what sort of valuation you are looking at. If you are talking about professional valuations, that is the one's for lending purposes, there are some good ones. But you tend to find the more valuations people do, the less they are active in the market, and the less remote they get from hands-on knowledge of the prices. So it's a bit of a two-way thing. They are working for a larger firm, who are quite active, their valuers are fairly local or locally based, they have a very big library of actual comparables and structural conditions there, so that would work quite well for them, and also not being rivals they might be privy to some better information than myself. But at the same time there are deals that do go on, that the black and white figures do not reflect the actual deal, so in that respect they do not know what is going on.

### **So does rivalry affect you trying to obtain information?**

No I would find that if I phone up a rival estate agents and tell them I'm doing a homebuyers report, or valuation for matrimonial purpose they will tell me what is going on. I don't think that is so much of a problem.

### **So you know how reliable the information is?**

Yes. All I would say though, is unless you speak to someone you know in the office, maybe the comparables, they're dishing out are useless, if it's a part-time YTS, they will say it was on at so much, not know what it was like. So that has got no weight.

### **So someone from outside might not know the agent, know how much to rely on that evidence?**

I think for those not outside, not active in the area, they are going to be hard pushed to get sufficient in-depth market evidence to make a decision. Because just being told a fifteen-word synopsis on a property still is not enough, especially if the person is telling you it from the front sheet of a property detail. Say nice area, mostly double glazed, good decorative order, central heating, that doesn't tell you much at all, it could bring a £50,000

house down to the nearest £6,000 probably, so that's not that's not close enough in my book.

**Does that put them, or any other valuer at a disadvantage?**

Well, it must do, certainly. Because if people are borrowing on a 95% basis, as lots of people are, I would defy them to be close enough. We are looking at a £30,000 starter house in Barry, and you're looking at only £1,500 to be 5% either way, well in the example I gave earlier on, he was 20% out, that guy, so he's agreed a loan on 107% of value based on his valuation which was about 116% of true value based on a property I've agreed a sale on, only last week.

**In mortgage valuations, valuers are given the tentative sale price; do you think that has an impact?**

I would say the power of suggestion is quite strong, and the valuer there would be looking at reasons to vary from that figure, rather than arrive at that figure from a standing start. So if you were to run an experiment similar to this, with a set of valuers, given 10 properties to value, 5 of which you give an agreed price, and the others you just leave, there would be a greater correlation for those where the agreed price was given.

**If you were asked to value in an unfamiliar area, how would you go about the valuation?**

The only way you could do it, I wouldn't say you couldn't do it, only you'd need to put so much effort in to it, chances are it's not cost effective. I was asked to do a roof survey down in Carmarthen, well I said, I'm quite happy to do it, it's going to cost £200 to do it, and it's going to be a two page report, and a lot of the cost is my petrol and my time getting down to the place, so I will not comment on the whole value of the structure, or any other part of the structure other than the roof. So for that reason alone, cost of time can make it prohibitive. Again I have occasionally done something akin to structural surveys; I wouldn't call them structural surveys in the strict sense. I did it because the guy particularly asked me to do it, but again I try steering clear of placing a value on it for the pitfalls of doing so. I will tell you about the structure, the roof is good, rising damp, that sort of thing, but not a value, because it's not worth it. The more you don't know an area, the more unusual the property in the area, the more you are just taking a stab at it, it isn't worth it so I don't do it.

**In your area do you still find you have to watch your back at times?**

Not so much, I do think so. Barry I know quite well, occasionally I'll tread into Penarth and do it, but that's really because I've got four or five agents I can get good advice from.

**How do you maintain your knowledge of an area?**

Just from doing surveys and selling houses really. Accumulating all the information.

**Is it just through sales you glean information?**

No, I do get comparables from other agents. It depends really on the confidence I have in the house I'm valuing. I make a decision on how certain I am on the figure and act accordingly. As I see quite often, where you have got rows of terraced houses, I could draw on my own sales, notionally index them up or down for a length of time. Again this is not done strictly scientifically, but base it on a comparable, but you don't say well 6.7% for 18 months equals. You say well perhaps it moved up a bit, slipped down, this one's got a better garden, this one's got, and that one's on the market a long time before it sold. There is a lot to take into consideration, and because there is too many variables to take account. That is why it has got to be a local thing. There are too many factors to consider.

**So you are saying because you know the area you know the salient factors?**

I would say so yes, you've got a very good feel for value, before you even leave the desk. You can picture the street, know the prevailing level of prices, and what you do when you get there is adjust from that prevailing level, whether it's up or down a bit.

**So you've got in mind before you go, an idea of the properties that have sold?**

Yes, from my own sales. Quite a few streets in Barry I can draw on ten comparables from the last four years.

**Why do you restrict yourself to such a small area?**

Firstly it's my advertising area. Secondly it's convenient for me, I'm never more than 10 minutes from anywhere. Whereas if I was doing a £100 valuation, on the other side of Cardiff, it's nowhere near so good. On price alone, working them into a round of doing



them it may not be worth doing, if you are only doing £200 valuations a day that is not enough money coming in to do the business.

**So there is sufficient work in the area?**

No, I would like to have more work in Barry. Certainly the mortgage market is hogged by the big boys. I'm just a one man band, and all the other small practices, I'd say of one to three offices have all been squeezed by building society panel selection in the last 10-15 years. I would say this has been progressively more so these days so the likes of <\*\*\*>, <\*\*\*> recently, <\*\*\*>, they're cleaning up really, doing all the work. It can be good and it can be bad.

**Is that because they are larger organisations the valuers don't know the areas so well?**

The reason why they're cleaning up is because it is in-house valuation stuff. Again this is an ethical issue, what is the valuation done for. If it's for a building society, well they can go to whom they like, but if it is done in part at least for the purchaser, then it should be independent. But as it's not for the purchaser, perhaps it's not a point.

**So do you think purchasers should get their own reports?**

I think reports should be done independently, and the old saying you can't be servant to two masters, but you're not reporting subjectively dependent of who you are speaking too, you are reporting objectively matters of fact, followed by matters of opinion, but the opinion would vary depending on who you are giving it. So for that reason, I think it should be independent, and there should be the same duty of care to both parties, the purchaser and the building society.

## **Interview with anonymous valuer 9**

**Date: 29<sup>th</sup> September 1998.**

**Duration: 31 minutes.**

**What factors or attributes which you have knowledge of, which someone from outside the area doesn't, makes you more competent to value in your area?**

It's the experience you build up over the years mainly; you know the good areas, the poor one's. We have a four bed detached on one of the comparables here, which you know is in a poor area won't fetch as much as a three bed semi in a good area, if you are working outside the area and don't know, you assume a four bed detached is worth more than the three bed semi, basically because of the type of house it is. That's the key to looking at things, especially in the Valley areas, the values vary significantly from street to street, you can get £50,000 in one street in Pontypridd and 200 yards down the road, you're down to £30,000. It's not like large estates in South East Wales where you have pretty well got a ballpark figure, you know what you're going to get for a three bed semi. This area is not as straightforward as that. If you are out of area, and don't know that you are in extremely big trouble really.

**Have you got specific examples of factors you know of?**

Well obviously you've got problems of coal mining in all this area, other problems where you have got the landfill tip, causing trouble so that area there is a problem, two miles down the road you can be OK. With others you have got problems with the traffic and the parking, obviously in other areas you've got problems with local people, if it's let out to students in some parts, Treforest, obviously it impacts on value. There's also housing associations that have brought property and let them out, there's that as well, which you need to know about.

We've had repossessions in some areas, where because the properties have been let out, all kinds of problems with crime, the values have plummeted, and there seems no reason when you drive down the street, you think it's worth the same as one a hundred yards away, but it's a big difference.

**In the area you work, do you divide the area up?**

Well, I wouldn't say you divide it up, you cover a fairly large area, you can't split the area itself up, each town has its good and bad areas. Some areas are more than others, Cardiff is generally higher than Pontypridd, but within Cardiff you've got areas with really low values, could be lower than some parts of Pontypridd, so you can't split it purely between areas, it's got to be within towns themselves. You've got good and bad areas everywhere I suppose.

**When you value a property, you know then where you are going to draw the comparables from?**

You've got Pontypridd, and you've picked the best part of Pontypridd there with The Common, it's always been the best part of Pontypridd. You know really what the values going to be before you get there. But then you go a mile down the road down to Rhydyfelin or Treforest, and all of a sudden it's a different ballpark altogether. Or up to Ynysbwl, and values are considerably lower, for the same house you could knock £50,000 off it.

**How important would you say local knowledge is in the valuation?**

It's the most important of all, if you haven't got that, you soon become a cropper at some stage. You may be able to get away with it for a couple of months, but sooner or later someone's going to come back. I've seen it before, we've had valuers from Bristol, and places come over here and do valuations for banks, or whatever, and we've gone out after and seen the valuations and they are way way out, forty per cent out.

**Are they down valuations or over valuations?**

Over mostly. Generally they will go round to agents for details, the agents give them the details, sometimes what they want them to see, and to back up the price they are trying to get. They go away and wouldn't have a clue really. Just rely on the information that has come down to them second hand, it can become a problem with it.

You've got to have your own local knowledge. Obviously everyone uses comparables to back it up, but you have to have the basic knowledge to start with, you can't go purely on information somebody else gives you. You've got to have your basic tone of values set, before you can adjust from that.

If I were to go to London, I wouldn't feel confident to go to London, valuing a flat in Belgravia or something like that. I could go to the agents and get some details, but still wouldn't feel confident about it.

### **So what information do you rely on in your valuations?**

Well apart from the knowledge you have built up, you've got to get the type of accommodation you are dealing with, whether it is detached, typical things like that, condition is also a big factor, location obviously the biggest one, obviously, after location, comes house type, condition. The condition of property apart from location is the biggest thing which affects value, because they vary so much, whether they are renovated or not. Again, in a typical street values can range up from £14,000, or £15,000 up to £50,000, depending on what's been done to them, whether they have been extended or got structural problems. That kind of thing.

### **Do you rely on your own comparables?**

Yes, we get print outs for everywhere we go to, and one of the conditions we now have is that we have two, two sales, that is on each one that we see. Generally we get more than that, but you actually indicate two. It was three; they cut it down to two. Generally you go with the knowledge you have already got to just to substantiate what you already think. And some places it's surprising, you go out now and you're a touch out, you check your comparables and you find it's gone up a bit more that I thought or down a bit more. You've got to back it with the comparables, but that's just to fine tune.

### **Do you contact others?**

Yes we still contact, not often. You get the odd one off property, like a farm or detached barn or something like that, or a particularly large extended house in a street where everything is half the size and those difficult ones, and you've got some property that it's achieved for whatever reason reasonably good price because somebody wanted to buy that, or they've always lived there, and sometimes you get situations like that where you get one off's which are significantly above what you normally see, and in those cases I'd ring round, but normally have a chat with the other valuers in our own office. Don't generally need to speak to anybody else. Sometimes get calls from the <\*\*\*>, or <\*\*\*> to see if we've seen something to substantiate that figure really, which they are dubious about.

### **Do you talk to agents?**

Yes, we speak to them when we go to pick up the keys or, or if we do down value we do tend to give them a ring and say, because they're likely to lose the sale in all likelihood, so if they can put a deal together. We say sorry, down valuing for x, y or z, generally because there is something wrong with the place, which is more often due to condition than due to price. In this market it's a buyers market so it's not often you see property that are significantly above what you are expecting them to go at. Unless it's like 1988/89, you go up one day and I think it was £10,000 more than it was last week. That was difficult, but it's not so bad now.

### **Do you find that because you work in this area you know what evidence to rely on?**

Yes, we know all the agents, we know they're not going to give you poor information when you go in there, because they know you've seen dozens of other properties, so there's no point giving you a one off stupid comp, when they know you've got lots of other information, so they don't bother. Somebody from Bristol or Birmingham, I'm not saying they'd all do it, it has happened, but they'd comedown, wouldn't know the area, some unscrupulous agent would give the a comp, from a good street to particularly justify that street. You're not comparing like with like, but if you don't know the area you wouldn't know that, two or three bed semi in one street's £30,000 could be £50,000 in another. But we would know this is a different street altogether. There is no way they could possibly know that. No comparables would show that in terms of that reasoning. From floor area, bedrooms that kind of thing they wouldn't be able to pick off the comparables that they've got, why the price is different. You've got to know the location. That's why, I know people do move around the country, but in valuations people generally, work in one area for most of their working lives, they might extend it slightly, but most valuers in Wales, tend to value in Wales. You don't tend to see them jumping from Scotland to London, that kind of thing, as with other professions, as you could eventually. It would take at least six months to get a feel for the area, by which time you could have made a few mistakes. Expensive ones as well.

### **How would you define local knowledge?**

It's really what you pick up as you go along. Whether you are training in an area as an agent or surveyor as I was. And if you're living in the area you're going to pick it up over the years, picking up the local press, local property magazines, that kind of thing. Local newspapers you pick up a lot of things with problems in various things be they mining problems, or flooding that kind of thing. Where I work there's flooding problems, with

rivers, culverts or whatever. All goes into the pot. One we've had is the refuse tip, causing pollution; there's always things like that. Traffic problems, parking problems, crime. All those things combined to affect the value. Some people wouldn't move to a particular street because they can't park their car. They know full well after 5 o'clock they won't be able to park their car outside their house, things like that. No rear access, can't get a garage in there, so it's difficult if they've got an expensive car, a car or two cars, automatically rule out that street, there is that. You think it's a minor point, but get a lot of people who think like that, so they affect value.

**So are you saying that considering the buyers motives is important?**

Yes, it's a buyers market, unless you get the odd situation we had 10 year ago, generally it's a buyers market, and they are generally shrewd most of them. They'll look around the area, do their homework, most of them, unless they are in a rush for some reason. They work out what area they want to go to, have a general idea of the prices they are looking at. One thing they might not pick up on is the condition of the place they want to buy. Price wise, if they're local, they will, perhaps not if they are from outside the area. Local people will generally have a good idea of values in their own area.

**Would you say you were proficient to value in all of the area you work in?**

Yes, now after all the years. Expand the area gradually, Start in this area, but after a while, gets quiet, you go slightly further afield, and you know you're not going to get major differences five miles down the road, that's going to cause you unexpected problems. Generally I wouldn't go as far as say Swansea. For valuation it would be that main area there. In extreme circumstances, if there is no work, then we would, extend that, but then we'd have to do a bit more work on comparables then. Quite possibly ring up and ask a local valuer to give a bit of a back up. But generally in my area no problem, unless you come across something you are a little bit unsure of, then you would need a bit of help on it perhaps. Any wider than that, I wouldn't go there. I don't think you can know the area well enough. Bristol, Aberystwyth, I would not contemplate going there, just too many unknowns.

We've had cases, with properties in this area, not on mains water, private drainage's, roads not adopted. You're just not going to know about that, obviously has a major impact on values then, so, you could risk it, but you end up in court and somebody asks what experience you've got in the area, then you are on dodgy ground unless you have got a few years in there.

**So basically you'd panel them?**

Yes.

**Are you aware of any limits placed on panel valuers?**

Ours do. Ours have certain postcode areas, and they can only do, only regulate them for CF40, 42 whatever, obviously a bit more than that but, we wouldn't give them anything outside of that. We've got postcodes ourselves which, mine would be those there, and our office covers those, I don't myself. But if there is say no work in Pontypridd, I'm capable of doing that area, might have to do a bit more background. I've worked in those areas, but not for a few years, I wouldn't be so confident in doing valuations there without a bit more evidence.

**So do other valuers deal with those?**

Yes, there are four of us in the office, and the other three cover these three areas, and they overlap a little. I would only do work in Ebbw Vale, say if somebody was off sick, and somebody had to go up there. That's my patch, and I know areas in that area without having to look down at my comparables so much really, I know if it's right in those areas, but outside have to do work checking on them.

**Do you discuss about different areas between yourselves?**

Not normally no. I don't think we do. Perhaps in a week, say we see 25-30 properties, I wouldn't say I'd chat more than two through with anybody else. And only then it happens because somebody happens to be there. Have a chat say I've seen so and so. If we weren't sitting in a room we wouldn't bother. We get calls from the <\*\*\*> no more than once a month perhaps. It's not everyday, they cover the same areas as we do and they've got four valuers covering that area. So they've got good evidence as we have.

**So you contact them?**

We ring them. We've got a really extensive database, thousands of properties on it, and we've all seen actual sales in the market. Stacks of evidence, if we can't find anything on there we'll ring them up. Some properties you can't get evidence for, it's such a one-off, you use your overall knowledge, your gut feeling, on some of them there is nothing else you can use. You might ring somebody else up and ask what they think, but not generally.

### **Do you have an idea before you arrive at a property, what it's like?**

They tell us before we go out there it's a house, the very basic information, number of bedrooms. I know from the street if it's going to be a terraced, or a detached. Some times you get a surprise, it's a three bed extended job, so it's a four bed, but not often, generally you have a good idea before you get there. Again that's something that comes over all the time I suppose.

### **How long would you say it takes to get to know an area?**

Two years, I'd say properly. Even when I worked for <\*\*\*>, I was there for four years, I was still asking him, things about certain areas, streets, and he'd always come up with something I didn't know, a problem here, a problem there, an old mine shaft there or something. I suppose you could be competent in an area after a year, it will definitely take you that long as a minimum. I would say five years before you feel really confident to value. But a year minimum, I wouldn't like to see anybody going out without a minimum of one years knowledge. Five years preferably. I know adverts for jobs generally say something like experience in the area necessary, but don't often specify very often. I don't know what they are looking for, I'd guess one or two years, something like that perhaps. I think if you'd got three years they'd say OK. Five years to know something really well, a year you're treading on thin ice really.

### **Are you continually learning?**

Oh yes, pick it up all the time. Everyday you pick up something you didn't know about, there is always, even if the vendors tell you something you didn't know about the street, when the houses were built. You pick up something all the time. Problems they've had with brickwork. There are some estates there were wrong mixes in the cement, when they were building them, and we wouldn't know, but someone said when they were building them they knocked down all the outside skins. When you go back you are a bit weary in case some of them haven't been done, so it's something you'd mention like that. Could have a big impact on value, a £20,000 difference, if somebody has got to rebuild the outside of the walls. It's not many things that catch you like that, but it does happen.

In Bristol it came up in particular, they had to re-build half an estate over there. Again if I wasn't working in Bristol, I wouldn't have known about it. I would have gone over there, a three bed detached there worth £80,000 or whatever, and value up, and all of a sudden you're in court - didn't you now the fact that these hadn't been. That's something that'll happen, the local valuer in Bristol will know all the background about it, the case history,



and someone from over here doing a second loan, for a finance company would walk straight into it. I think that's what they do sometimes, try and get someone in from outside the area, not knowing the area, hoping to get valuations sent through at figure they think to get the loan thorough. We've seen it with valuers from <\*\*\*>, these finance companies they do tend to use valuers from outside, they do use local ones as well, but they do use valuers who we wouldn't contemplate using in Bristol from over here, but they do. We've seen some of them come here from Birmingham into the Valleys, it's crazy. That's the disreputable dealers I suppose, the company is looking to lend the money regardless of anything else, they just want to get a signature on the bottom.

**I suppose it's a risk they take?**

One hell of a risk. But for the interest rates they charge the people, they can do it that way I suppose. I'm not saying a lot of them go wrong, but it wouldn't take too many to go wrong, and you've big losses.

**If you were to value outside your area, how would you go about it?**

Well, if somebody told you had to do it basically, well. Get as much comparables as you can from your own database, or whatever, and what I would do is speak to my opposite number in that area. I would just speak to him and ask him to send me through some comparables, then give him a ring after and say, this is what I've seen, this is what I think it's worth, is that reasonable, and if I think he's said yes then it's OK. I'd speak to somebody. If worst came to the worse, I'd contact the agent, but the agent would be the last call because some of them are very good, the ones you know. But if you don't know them, you ring up, they've never met you, and they could tell you anything really. Generally we speak to surveyors in the same area, <\*\*\*> perhaps. But that's what you'd do, if you're not sure give somebody a ring, just to cover yourself. It probably wouldn't cover you really with evidence of speaking to somebody, I don't know if it counts, but at least if you are a long way out at least you've got the chance of someone telling you that, before you put your signature on it.

**Sign your life away?**

Well you are. You see the valuations come back from 1988, the figures there. With a bit of hindsight you wouldn't do that again, but at the time, market was booming, everyone was under pressure to lend weren't they, things were going up every week. All of a sudden, bang, market falls like a stone. The valuations at the time were right, in the conditions, but 10 years down the line the figures don't add up. Won't happen again

mind, people are a bit more cautious now, people have been bitten so hard, with negative equity, and they'll never do that again. I don't think they'll go for such big loans. I hope we don't see that gain, going up week by week, it's going to crash one of these days, everybody thought the bubble might burst, just didn't know when, could have gone up for another two years, in which case they'd go up and up, just hope it wasn't the next day they'd fall off, which of course happened at some stage. Everybody took big hits didn't they?

### **That's the business?**

It's the nature of the game, at the moment it's OK, everything pretty stable. Round here prices not going up at all. Up 2% if you're lucky. Some parts, Cardiff Bay, other parts of Cardiff prices are jumping up, Victoria Park, the Bay area, Cyncoed, they are flying up, and up here they are falling, other areas stagnant. That's the other thing as well, knowing which areas are booming, which are not, and the areas that are likely to drop.

### **So it's localised?**

Very localised. Parts of Cardiff like Splott which is across Newport Road, one side of the road which is stagnant, Riverside, those areas with a poor reputation, across the road there is Roath Park, you've got people putting letters through the doors, please contact us if you want to sell your house, we've got buyers waiting for you. Splott, you've no problem there, just put the boards up. It's only across the road. But somebody if they came in from Bristol, they wouldn't know, nothing to indicate really. Exactly the same type of house, identical house - three bed Victorian terraced, door onto the pavement, who's to say one's worth sixty five and the other side forty? Without a year in the area, you'd have a rough idea; it would take that long to pick up I think. I've covered this area all my life really, but it took me six months to know just Cardiff, that's just Cardiff, and not the other parts of the patch. It took me that long to get a feel for it, up till then I was asking people, picking their brains everyday, literally everyday it was, I've seen this, what do you think, what's this like, what's this area like and you have to. The only thing you could do.

### **I know building society valuers cover a wider area, but then they value more frequently?**

Yes, but I know some valuers who value from Bristol across to here, crazy really. I can't see how they do it. They can't know the area. They're taking chances, but they've got to I suppose. Because we are bigger, we can afford to concentrate. <\*\*\*\*> are fairly

concentrated, but some of the smaller ones, they have just one valuer. The valuers concentrate where they could, but if work is quiet you've got to go further afield. How they get their comparables in, probably do what I've done ring people up, but not entirely satisfactory.

## **Interview with anonymous valuer 10**

**Date: 7<sup>th</sup> October 1998.**

**Duration: 21 minutes.**

**What factors is it that you are aware of that makes you more competent to value in the area you do, against someone from outside the area?**

It's all to do with experience really. If you work in the area, carrying valuations out in that area day-in-day-out, especially as I do, doing the broad spectrum of South Wales, rather than an isolated part of South Wales, I have a greater depth of knowledge and experience to call on when arriving at a local valuation figure, you could not only compare it to valuers in the immediate surroundings, but also in surrounding villages and towns up to 5 or 10 miles away, you get a good broad spectrum of values of similar properties.

**Are you aware of some specific factors, which would have a major impact on value?**

Yes, definitely. Especially in the South Wales Valleys, the mining aspect of it, also cavity wall tie failure, not that it will affect value that much. But these local things. I work for a national company and we speak to valuers from other areas, for example, cavity wall tie failure, they haven't seen it - I've had valuers come to me terrified, how do I recognise it. We don't necessarily consider it a big deal down here, if a house has got it you repair it, it doesn't affect value that much, typically £1,000 - £2,000, depending on the size of house. But those from outside the area, who have no experience of cavity wall tie failure who come across it, might just panic, wouldn't know how to cope, wouldn't know what to do, whereas we deal with it day-in-day-out.

Again mining, I go to houses which are distorted, floors, doors out of plumb, it's part of the course in the South Wales Valleys, houses over 100 years old. We take it for granted, but again someone from outside the area would think, get a structural survey on it because there is distortion, because they are not used to it. Again, local areas of subsidence in the Valleys which are still an ongoing problem, local factories, bad estates, or estates with bad reputations, which from the outside appear quite respectable neighbourhoods, but we know from local experience that there is a lot of social problems there, which affects values quite considerably. I'll give you an example of St Mellons, which is a modern estate, nice good house there, but it's a bit of a no go area. People do buy them, Cardiff people probably wouldn't move to St Mellons, but people move within

St Mellons or those from outside who don't know the area. These sorts of things you have to take into account.

**How important would you say local knowledge is?**

It's probably the most important thing when you are valuing a house.

Some of the things we have already gone over regards the isolated pockets of problem areas. The most important thing is location when you are valuing a house, where it is, rather than what it is. And it can only be gained through local knowledge. Someone coming in from outside the area would have no idea it's a desirable area, sought after area, or area of problems, either social or physical problems. This can only be gained by experience by working in the area.

**So you acquired your local knowledge through practice?**

Through practice yes. I'm from Swansea actually, but moved up to Cardiff 7-8 years ago to work in Cardiff, and of course didn't know the area at the time. First 18 months, two years was getting to know the area, even now, because of the large geographic area that I do cover, I can't know it all. I rely to a large extent on local estate agents for their knowledge, so if I go to an area I'm unfamiliar with, or don't have that great depth of knowledge, I'll phone up an agent, and have a chat with them, discuss it. They're pretty forthcoming.

**Do you have problems in obtaining evidence?**

No, again we have a computer database, which I can call on. Rely to a large extent on local agents, their local knowledge. Try to build up a good working relationship with them. It's a two-way thing, they rely on you not to knock their houses down we survey, and we rely on their local evidence.

**Do you find some agents aren't as good as others?**

Some aren't forthcoming, some won't give you values, for example there has been a sale of a house, you phone up and say, number 1 new road has sold, what did you sell it for, and they say, we can't really give you that information, the asking price was £64,000, it was sold close to that. We can get some idea from that. There are some notorious agents who simply won't give you the information.

**Would you say some of the information they give isn't as reliable as others?**

No, the market will even it out in the end I think. Some agents have reputation for valuing high, achieving high value sales, which most of the valuers get to know about, and are wary when you have a valuation on their property, I can think of one estate agent, where I think if I see their figures, I'd value very close, I'd do a lot of research to check, to justify the figure. We don't down value, because in the open market it is what someone is willing to pay for it 99% of the time, but there are occasions where we just don't think it is worth that much, and we have to knock it. If we do knock it we have to have plenty of back-up evidence to justify that. We don't just knock them.

**So how many comparables would you produce, you mentioned two earlier?**

That's for our filing system, we are audited every three to four months by senior valuers, check our files, pull them out at random, and they have to be filled out to a certain standard, and we have two comparables to justify a valuation. Often if the comparable evidence is there, put three or four on. When you have got local knowledge, you know a certain area; the houses there are in a given range. If you go along there, the house has sold in that range you don't really worry that much about it. But you get repossessed houses, in a bad state in good location, a real bargain, sometimes you put down, do I really need comparables for this? when someone has paid £12,000 for a house.

Minimum of two comparables, I would probably consider 5 or 6 similar houses in the area to arrive at my figure, and I'll pick out the most relevant comparables, the ones which help justify the valuation figure.

**And are those the valuations you have done yourself?**

Well, probably it will be 75% valuations which I have done, and 25% of local agents, where I have seen a sold sign, phone the agents, asked what it sold for and that will be put on file then.

**Do you contact other valuers?**

Occasionally yes. I know most of the staff valuers of the Building Societies, surveying companies, their valuers. It's not so much now, having worked in the area as long as I have knowledge of what I have got, through the back up; I can usually arrive at a figure myself. Occasionally, the one offs, the big detached houses, in remote locations, with no

comparables. If you know there is a valuer from that area, or covers that area more specifically, I might get in touch with them, ask their advice.

**So you know who to contact and how reliable that information is?**

Yes, that's right.

**So say, if a valuer came down from Birmingham, he wouldn't know whom to contact?**

That's right, he wouldn't know the local experts. In the Vale, you wouldn't phone a valuer in Cardiff, you'd call a valuer in the Vale, who values in the Vale, who has a lot of experience there. Certainly back in the early 1990's, there were people suing for wrong valuations, and there were instances of people coming from Bristol, the West Country, Birmingham, as you said, coming down and doing valuations, particularly for large valued properties in this area, and a lot of them came unstuck, because they didn't have the local knowledge or comparable evidence to back them. So a lot of insurance companies ended up paying out a lot of money.

**So is there an area you concentrate in?**

Yes, a 20 mile radius of Cardiff I would say, the vast majority of my work.

**So you would say you are more proficient in that area?**

Yes, Cardiff and the surrounds 10, 15 mile radius of Cardiff. I do go further. As I say, I'm from Swansea so I have a rough idea of the areas down there, and the contacts.

**How long would you say it took for you to become proficient to value in your area?**

Well, to cover the whole of South Wales, I'd say 18 months to two years, before I was really confident to put a figure down. But for a more specific area, say Cardiff, some people just cover Cardiff, I'd say only a year. For Pontypridd, and the Valleys, again no more than a year because the values are fairly similar, they don't vary valley to valley. Though there are pockets.

### **How would you define local knowledge?**

Experience, experience is local knowledge, local knowledge is experience. It's having worked in that area, basically putting the hours in covering a number of valuations in that area, working day-in-day-out. Again when you are doing valuations, it's phoning for comparables. It's an inverted pyramid really, you go to a house, perhaps an area you haven't been before, you investigate, then phone up local agents, they give you comparable evidence of houses similar to the one your doing, and you build up a file, if you go back to an area six months later, you can't remember, you can go back to your old file and there will be sales of other properties in the area. If you put a minimum of two comparables on every valuation, there are basically three comparables there for you.

### **Do you have an idea of value before you arrive?**

Yes, but I'd say it comes down to the individual and how they do it. Normally I'm given my instructions, go to a house, wherever. Normally I don't look at the valuation figure. I go to the house, do the inspection, perhaps not even consider the value while I'm there, these days with litigation, the valuation is the least problematical part of the exercise. It's making sure there is no fault with the property; you are more likely to be sued on faults with the property than the value. The value is often the last thing you come to consider. Often I go to a house, look at it, take them back to the office, won't consider the value till I do my report, then I'll draw on comparables and consider my valuation on it. It is a strange thing to say, but when you are valuing the house, the value is the least important thing.

### **If you were asked to value outside your area, this is a hypothetical situation, how would you go about that valuation?**

In much the same way as I would with a local valuation. Got to the house, get all my notes on the house, the accommodation, size, floor area is a rough indicator of value when compared to similar houses in the area, then the first thing I'll do is look around the area for estate agents boards, find out who the local estate agents are, the closest one's to the property. If it's a small town, there will probably be three or four agents covering that area, get as many phone numbers as I could. If it's convenient, pop along to the office, say I'd been to this house, take a polaroid photo, have you got anything, sold anything there. Usually they are quite forthcoming, even if they are not, you can look at particulars on the wall for similar style houses and pick them off, give you an indicator of the market, the asking prices anyway. I think value wise; it's probably the least important part of the exercise. You don't have to be a valuer to value houses. Sometimes people



who live there think they have a better idea than you do, I've often had an argument over this. So there is no set formula for valuing a house, you don't really need qualifications, estate agents can value houses, and anybody could be an estate agent. So you can go along there, a 3 bed semi in a 3 bed semi area, rely on other people's local knowledge, pick their brains, and you should get it within 10% of what a local expert would.

**So what you are saying is you use your experience from elsewhere?**

Yes. A house is a house, wherever it is. What it comes down to is location in the local area, obviously accommodation, and condition. Obviously all these things are taken into account. And you compare that obviously with similar properties in the area, hopefully you get sales evidence of them and adjust it accordingly.

**Would you say you could get a job elsewhere?**

Yes, people do move, job adverts in the Estates Gazette, they often say experience of the local area would be useful, but it's not essential, you can learn. If you equate it to a mechanic working on a Ford car, they could move to a Vauxhall garage for a job. The basics are the same, there are certain slight differences, of design or what have you. But you can be taught it or learn it. The same with valuing, so long as you got the basics right, you should be able to go to any area, and in time pick up the local knowledge and be competent to value in that area.

**So in effect you are saying, your local knowledge, you can't transfer than to another area, but your background knowledge you can?**

Local knowledge comes to specifics of the actual location, even in the same town, two streets apart, say one house in one street is substantially worth more than the other, or vice-versa substantially less, because that area has a particular bad reputation for whatever reason, might be some other local factor. That local knowledge there is transferred to another part of the country, that is the type of thing you would pick up when you move there. But the basic premise of valuing a house taking in the things; location, accommodation, condition and then comparable evidence. The main thing is the location, in the valuation to give an overall value.

## **Interview with anonymous valuer 11**

**Date: 13<sup>th</sup> October 1998.**

**Duration: 36 minutes.**

**What factors or attributes which you know of makes you more competent to value in your area compared to someone from outside?**

If you know who to go to, the people you know for information. You do realise some of the problem areas, but they should be flagged up by solicitors anyway, open cast mining, past mining, obvious things like that, power cables, pylons. A lot of things you will be aware of by just looking at the property. Those things which should be flagged up with the searches.

It just gives you more time really. Knowing where to go, not too much map reading, it's easier, you can then put more into the actual effort, but, as to the methodology, you should be using the same whatever you do, and the staff valuers in particular cover such a wide area, there is no way they can call themselves people having local knowledge. There is one chap based in Caerleon, covers from Swindon to St Davids. But with ourselves we value quite large areas, but based in Swansea, Cardiff, and Newport.

**So what you are saying is that having local knowledge is saving you time in doing your valuation.**

Yes, you're not rushing, so you're not making mistakes. When I first started in Swansea everything took so much longer, you don't get the gut feelings, so you start from scratch. What you find is you get a gut feeling, and justify the gut feeling with comparables. When you're working out of area you've got to be so careful, you start with comparables. Which is perhaps technically the right way. Everyone makes mistakes. It's these people who come out of area who put the time in, some of the bigger firms, perhaps send somebody down from the Midlands somewhere to value some council houses, I think it was Pontypridd, up the Rhondda and Talbot Green, used the three of them as comparables for each other. Completely messed things up basically.

Funny thing is really, when you go to high unemployment areas; you get a feel for it. If I went to Bristol, I know what an area is like really, but you would have to spend more time doing it. Where I am now, if I go to Townhill in Swansea, I know if you park your car don't let it out of your sight. You know where people live and they shift the border ever so

slightly to include themselves in a better area. It does help I've got to say. If the job is done properly with enough care, you shouldn't be a million miles away.

**Do you try to take the buyer's attitudes or view of an area into account?**

No it doesn't really matter, the only time we pay attention to it is when someone is coming in from another area. There has been an influx into Swansea, servicemen, and people from the Navy. Been all over the world, but they're not sure what to buy when it comes to houses. You sit down and talk to them, and that influences. There is one, a small holding, couple of acres and they were paying £90,000 for it, I was doing a homebuyers and she was from Portsmouth and loved it, and I said do you know what the area is like, and she said, oh £90,000 is such a bargain, and I said it's worth £70,000 and after that you won't sell it again. And that was the difference, we found her a house in another area and she was thrilled.

I talk to three agents who deal in the area, who are surveyors as well, they pool information, we do it all the time, and that's where my hard facts came from, the local surveyor who practice as agents, who have been to value this in private sale, and there's the difference.

**In terms of contacting agents, do you know which specific agents to contact?**

You look at boards obviously, if there are no boards around, talk to people you know who are competent, not all are competent, you talk to those you know who deal in the area a lot, who have got a good reputation, so even if they haven't got anything up there you can say if you had anything. If you are fair with them they will be fair with you, they dig around.

**Are there some agents you would avoid?**

Oh yes, undoubtedly.

**Because you know they are not reliable?**

Yes, if you've got <\*\*\*> property shop, you know the ones. You just take a view. Again that's what some local knowledge is, knowing the people to talk too.

**Have you any specific examples, which you have of an area, which have a major impact on value?**

You've got to know the tone, and what the valuer said with the small holding, and perhaps a valuer from outside the area wouldn't have that. A three bed detached with 2 acres, that would have thrown him, unless they had done their research, which is the key to it. If you are starting from a base, knowing where to go, the gut feeling is wrong, or talk to so and so in, or I know this sold. But the other thing is local building techniques, not that different again in the South Wales mining valleys, but in Cornwall the Cob, or some unusual system build somewhere. But then again most of them would throw themselves up at you, if you do the job properly. Just building up your confidence really.

**You said you recently moved to Swansea, would you say you were competent to value there?**

You look at local knowledge and where does it come from? Everyone starts somewhere. You go to college we all know nothing. People move for different reasons, the job, for personal reasons, so they are starting from scratch again. I know my job, the way to work at it. I wouldn't put things on without doing the job properly, you are more careful. Having worked in Cardiff for 10 years, I know with the work I do now, I am more careful. You can get blasé In Ely, 3-bed semi, £52,000 if it's in good condition, whatever, before you got there. Now everything is slightly new, you learn, it's just knowing your limitations, and if you've got problems speak to somebody.

**How long would you say it would take to be proficient or competent in an area?**

It's going to be a year; I've been there a year now. It's luck where you go. I work with a chap who's been valuing in Swansea for 25 years, and I've been to a place twice in the past six months he's never been to. It's just where you end up going. Everyone turns up to a house and says, God, I don't have a clue, and we all come across them.

**So in someways it's to do with frequency?**

Yes, some areas you are very good. Some areas you don't visit, because some areas don't sell, because nobody wants to live there, or people want to live there. Some areas don't sell, people live there till they die, you go along there and there are no comparables, no sale for 5-10 years. So that's the problem, that's the same for everyone.

**What would you do in the case where you had no comparables?**

Technically you have got to report that now. You widen the net first of all, get a pattern for the area, survey this area, very nice house, then talk to the agents who deal around it, ring surveyors who value there, and go from there. You will say it's an educated estimate, no comparable evidence available, value it from your local knowledge and information. They want to know whether you can justify or weight the indemnity.

**In the area you work, do you divide it up or not, in terms of how you select evidence?**

No, I do it on physical area. The idea is you get local knowledge built up, which contradicts what I said earlier. You get patches; you talk to agents with whom you don't have too many problems. The problem is when <\*\*\*> is on holiday and you cover their patch. I cover Porthcawl, Bridgend, Maesteg, and I don't get into Swansea, very rarely, because we cover such a wide area. The chap I work with lives in Swansea does all of Swansea and the Gower, and we share some of the Swansea valleys as the work comes in, generally geographic, so it depends on where the other valuer lives as well.

**So are you in contact with the other person in the office?**

Oh yes, I share an office with the other valuer, see him most days. Again with a problem talk things through, he knows somebody who knows something, I know somebody who knows something, very important I think. Problem for valuers, who work on their own from cars, nightmare, they never talk to people. You've got to talk to people.

**So you know all that area well?**

I know Bridgend well, go to Porthcawl, quite well. I worked in Swansea on my year out, so I know the area reasonably well, so geographically I knew everything. But, apart from some unusual areas like the Gower, property values are generally fairly stable around the place; you get pockets, places which are exceptionally nice, like Tom Jones selling his house for £700,000. There are pockets on the Gower and it's potluck, who's got the biggest cheque. The Uplands in Swansea are comparable to Penylan in Cardiff, to somewhere in Newport say.

**If you were asked to value outside your area, just hypothetically, how would you go about it?**

First of all seek permission, and do it very carefully. Detailed look at the property to make sure it isn't something out of the ordinary, then start with agents, very gingerly as they get brassed off with valuers from out of the area, phone surveyors because you always know somebody, start from there, moderate it, pick a few sales up and then you can always work from that, and it is frowned upon these days to be honest, but again I was pitched down in Swansea with no real background there, then again, anyone could start there, no experience, a lot younger, not know what to do not know their limitations.

**So from your knowledge you know how to value a property, you know what you are looking for, so when you go to another area you use that, know where to draw from?**

Yes, you do tend to do that, you think now what would this fetch if it were in, it's a very rough guide, but you know good quality areas in the major towns, play around with it in your head. Be very careful with the inspection. I don't know if you can admit this, but the valuation can be a bit secondary, in terms of when you go to look at a sale. An open market sale through an agent, you know it's got to be about there, or thereabouts. What you are really concerned about is getting sued, as we all are, and that's the problem. Do a detailed inspection for a scheme 1, be very careful you have covered all the bases in general terms, and with homebuyers, some 8 pages, by the time you get to the valuation, you're spent. You've got a rough idea, and then it a case of working with the guidelines, everyone uses. We've all got guidelines.

**So in terms of the valuation is local knowledge important?**

I'd say if you had a choice of two, yes and no. Obviously somebody who did and somebody who didn't. Obviously go with somebody who does. But then again you are assuming he is competent in other ways, and you may benefit from somebody who was competent and industrious, from out of the area to do a cautious job, talking to the right people, than somebody who knows their area a bit blasé, who doesn't put the effort in. On balance, yes, but I don't think that's it.

**How would you define local knowledge?**

Local knowledge years ago was the agent or surveyor was brought up, lived in the town, qualified, practised there. Doesn't happen anymore, so the old concept has gone way

out. I suppose <\*\*\*> is the last of a dying breed. Have you spoken with <\*\*\*> we were both in Manchester, came back to Cardiff the same time, never valued a house in our lives, never been to Cardiff, and <\*\*\*> hadn't, so in the ten years we have built up a knowledge.

**So in terms of local knowledge then, geography isn't important?**

It's all a bit vague isn't it. It's got to be hasn't it. I mean my work in the time I've been down is better, things you pick up, you've got to listen, you've got to learn, talk to people, obviously you get more aware. But the people who do that are very few and far between. Chap in the correspondence, a long serving valuer in a private company, in the area I work, and to be honest I do ring him occasionally, for a bit of background knowledge, and he is one of the few who can give me it. But you talk to other people, couple of people in business, practising down there, are my age we were in the Polytechnic together, but they are not especially more knowledgeable in many respects, because they have only been there ten years since they moved down there. So the concept of the old local knowledge has gone, but then again the valuer who comes in covers Swindon to St David's, is ridiculous. Still, you've got to set some sort of real parameters. It's up to the company you work for, so long as they say it's OK, they pay your wages, it's OK, I guess.

**In this study is there anything you immediately dismissed?**

There were the bungalows, they are tiny little things, wouldn't be comparable, one or two expensive houses, you can write them off, because they are one-offs. The shock, was the smaller modern one, an offer at £70,000, which suggests the area is sought after, whereas in Graigwen that would be £50,000, there is no doubt about that. You tend to find valuers will be conservative, you try your best not to, but you are always thinking what if, that's the name of the game. Everyone has a go at us, the lender, the introducer, the solicitor, you know, pressure from all sides.

**You have pressures?**

You have got pressures from the lender who wants to lend, and everyone wants to push it through all the time, and two years down the line, the mortgage has collapsed, and why did you do that then? The introducer said, the manager said, everyone said.

**And I suppose you have got the price they have agreed as well?**

At the end of the day that's the open market value, it's what the people have agreed to pay in the open market. It's not going to be the same is it. I don't know why somebody buys 21 and not 23, all the same but the decorations, but someone is paying £2,000 more, including bits and pieces which are not technically part of it, but value it in anyway. But so long as they are not paying £82,000, and the tone of the value is between £75,000 and £80,000. You are a moderator, you look at it, brief inspection, think about it, decision made, on to the next one. Six, seven, eight a day, you haven't got time for all this. It's experience, not just the local knowledge, you build up a methodology, bit of confidence.

**Are you limited in the area you work for lenders?**

Well, yes, they have offices, each has specific areas, postcodes, and technically you are not supposed to go outside your postcode. If you don't cover it, you pass it on to the other surveyor in the company who does it. It can push you into areas where you haven't been before. The area covered by our office, you can go to areas you have never been. Could be someone is on holiday, off sick, never covered their area, so even though you have got local knowledge, technically you haven't.

**You are learning all time?**

Every week something comes up, you've got to have an open mind really.

**I suppose it's impossible to cover every single property in the area, because they don't all come onto the market?**

Exactly. The other thing is you look up to see where a house is. People say if you don't know where a house is how can you value it. I looked up in the atlas, and there are something like 18,000 streets in Glamorgan, I know a good percentage of them, but don't know them all. You can't do. You do your best. Sometimes it's easy, go to Danescourt in Cardiff, a semi is £x,000, and other times you go and you haven't got a clue. Then you've got properties, haven't come on the market for years, and people wetting themselves to write out the biggest cheque for it on the basis that, it will never come up in the next 10 or 15 years, three doctors and a consultant after it, you know what I mean, and that will push it way off. And you think what is the house worth at the end of the day. It's worth something if they are willing to pay for it, and if they are willing to do it. Just hope they don't want a big mortgage.



**You could get someone from London; prices are really different, so pays a bit more?**

Yes most probably. Technically you could argue they are a special purchaser, and discount their bid. In the real world you can't. They go to that bank for money. You've got to make decisions for that bank. You can't argue on the basis that it's that and that really.

**So in that respect a mortgage valuation isn't necessarily an open market valuation?**

It's not, it's moderating that figure in front of you. And even with remortgage work, this would be, you take the estimated value in from of you with a pinch of salt. Everyone always thinks their house is worth more than it is. I was up the other day at a lovely place, and they had a for sale board in their garden. I went up to this house, they had value of £38,000, I rang my mate, who is the manager, they had an offer on it for £31,000, they decided to stay, said it was £38,000, that happens a bit. Silly buggers really. That's where the local presence is, you've got the ability to talk with someone direct, who will then give you the information. They are talking of making information from the land registry, aren't they?

**It will give just sale prices though?**

Get overkill then, too much information.

**But with the Land Registry, you have what the property sold for, but then what about the property? What you need is something more comprehensive?**

You need something, accommodation, floor area.

**You have this one on that street sold for?**

But that again you have then got to go down to that street and look at the information provided, well you haven't got time to do that. It's the real world again; you just haven't got the time.

### **In your valuation, do you just rely on your database?**

It depends, you go to some places, you'll have 7 or 8 sales carried out in two years. If there is a sold board there you always check, always make sure. Most of the time moderate by ringing the agent, and having a chat. My colleague the other day, extended semi, they thought it was worth 75, well, semi's there are 55, they've got an extension, bit more you know, put it in at 60, talked then to agents in the town, and that's what he came to. It was an old surveyor agent again, lived and brought up there, which is the local knowledge, you will never have. They are just an asset to use. If I value their houses and I have a problem I'll go discuss it with them.

### **So it's reciprocal?**

Some are silly, they will wilfully downvalue for arbitrary reasons, I think it's £73,000 when it's £75,000, and they don't realise the hassle that causes, and everyone gets upset, it really does, there is no point in it.

### **Are you aware of valuers coming in from other areas?**

Not so much now. The area now is that well covered, even if it were not our firm, there is always somebody there. With <\*\*\*> he covers from Swansea to Chepstow, I wouldn't fancy it.

### **That's what is required of him?**

That's his job. The <\*\*\*> chap covers Swindon to St David's. The ones that work from home, I think <\*\*\*> live in Caerphilly, I think he does West Wales to Chepstow. I don't think they can do that much anyway. With me it's six, seven a day so I build up my knowledge whatever I am doing. But if you go down to Llanelli in the morning and Chepstow in the afternoon, you are lucky if you get three in a day. So I think size of area is important, if it's smaller, you get to know it a bit better. But everybody changes jobs, so like me 10 years in Cardiff, one year in Swansea may come back to Cardiff. If you've got the chance of a job, you go for it. Got to a new area, learn on the job, you could know the area, be the wrong man for the job.

I've lived in South Wales, worked in Gwent as well, been to college in Pontypridd, so virtually know the whole of South Wales. I know the South Wales area very well for different reasons you know. I'll be very nervous going down to Bristol, Bath. I mean you could do it, people do. I know firms have been in trouble, the Cardiff chap has gone to

cover Bristol, Swansea chap has gone to cover Cardiff, and it's not a tremendously big issue anymore. If you end up in court that's the acid test, if the works goes through OK that's fine.

**I suppose most of the action taken against valuers is more on structural problems?**

There is that. A couple of years ago it was values, because of the big hike in values, and the subsequent drop. But overall, I think we keep statistics, most problems are associated with house buyers and structural. Values, we rarely get people coming back on values. Remortgage's, we get people shouting at us, you expect that anyway. In terms of other values, very rarely raise their head. So I do think you get into the mind set then of covering the technical issues, and making a ballpark figure on your guide price. I think if you did it your way, as it were, you would be doing two a day, making sure you have got all the information. I mean you haven't got the information, some have got some information, and other people have got others. You can find it eventually, but you need it in front of you don't you.

**So in your area, you get to know who to contact, you have your business contacts, perhaps friends?**

Exactly, we are on the phone; everyone is on the phone everyday to each other.

**I mean like you said here, with these comparables, you could get the details, whereas I couldn't. It's just interesting your remark on that.**

Very very few won't. Very few. Everyone relies on each other. Them feeding us information, us treating them decently, so long as you are not too flagrant. They know the information is going on your file anyway, it's confidential, but it's not going far.

**But it's in everyone's interest that you have the correct information?**

At the end of the day, the agent wants to sell, introducer wants his commission, lender wants to lend the mortgage, is it up to us to cock it up for an arbitrary reason, buyer wants to buy, seller wants to sell, five six people involved in all that, go along, it's not £75,000, it's £74,000, which can kill a sale, and everyone is shouting. We have a bit of leeway anyway; they have decided what the open market value is.

**So it's only when it's really way out?**

Yes, so you are looking at private sales, family sales where there is no agent, you tend to treat them with a great deal of suspicion. There is one in Port Talbot, luckily it was a nice house, was worth say £42,500 to £44,000, and the lender came along and he's only paying £12,000 for it, selling it to his brother, no body told me anything about it. Is it a change of valuations? I viewed it as a house, got comparables on file, you can get caught, gives you a turn initially.

**So you have to watch your back even if you know the area?**

Yes, there are some devious buggers about there really are. But then the local knowledge then is knowing the introducers to avoid, you know people wanting favours all the time, things like that.

**It's when you get someone from outside the area who doesn't know that?**

Yes. Comes across as friendly, but he is really stitching you up. But then that comes with competence really. I mean if I was out of the area, you would do a belt and braces job, speak to more people than you need, more comparables than you need, and you would discuss the background more. If there was an introducer, you would find a bit more. You can't do it that often as it takes too much time, travelling time, research time, is doubled trebled, you can't make money out of it.

**So you could come up with a more accurate valuation?**

I have no doubt, the man who knows the area will go in and do a fag packet valuation, and someone who doesn't know it well will go in get the three comparables, a bit more information, won't be a million miles away. It's only the unusual property which cause the problem, go to estates, streets, there are always boards, and you know, you will get to know what it is like from talking to people. It's when you go out of area to the unusual property, which may have a problem you don't know about, or it's that unusual you can't work off any comparables.

**Would you say value even within a street can vary?**

Yes, everyone does different things to a house, then again you know the upper threshold, you know however good that house is, however many extensions, it's going to be. For another £5,000, someone can move to a far better area, so again that is the moderating

influence. Not very scientific, the older you get, more you have been in it, the more fragile you realise it is really.

## **Interview with anonymous valuer 12**

**Date: 19<sup>th</sup> October 1998.**

**Duration: 20 minutes.**

**What factors which you know about in the area you work in, makes you more competent to value in that area?**

Familiarity, if you have driven down a road, or know an area, and know something has happened there, like contamination. How you would describe that experience I don't know. Pure familiarity over a period of time.

Historical knowledge of how areas sell as well isn't it. Parts you know from your local knowledge you know how attractive they are going to be in the market place.

**How long would you say it takes to know an area?**

I'd say a minimum two years experience to know an area well, and how engaged you are in there. The competent operators could just go and look at a property and know straight away what it is worth, having 5-10 years practice at least, and if not, then passing on their knowledge to the people that work for them.

**Would you say learning about an area was a continuous process?**

Well, values do fluctuate, so it can be a bit. You can't say you know it and that's that.

**Your work is more in commercial, would you say that in commercial work you are able to cover a wider area?**

With confidence?

**Well, yes.**

I suppose it is in a valuation, the analysis is more sophisticated, so if you can get hold of that information quickly.

It's more a sector of the market as opposed to locality as well. Industrial warehousing is geared to what is going on in the rest of the country as well. In Cardiff, a retail warehouse

will have a certain specification, yet for a residential property I'm sure one person will walk into an estate agents and say it's worth, and another something else, it's more emotional.

**Are there any limits on the areas you work?**

I suppose geographically it's bigger, but I think there is a limit. There is definitely the benefit of local knowledge in commercial as well as residential. With new developments it doesn't matter so much, but secondary, second hand space then the knowledge of the area is very important. You could catch a cold, which people have done, coming in from say London into secondary industrial units up the South Wales Valleys and they would not have a clue really, on value.

**So when you go to an area you have an idea of the value beforehand?**

Well yes, you have an historical knowledge of what the market place requires really. The product is simpler though. With retail warehousing you know what it's going to be before you get there within reason, then it's just location. Whereas with those houses before, you go into them, don't know what you are going to get before you go into them. With local knowledge you know what the demand is in the market place for that particular property.

A few hundred square feet of office space in Porth, you have a look and know there is no demand for it, but some chap might come down from London, inspect it and give a valuation that is miles out. What we do in commercial is just a confirmation of the figure, as you know what it is going to be unless there is something out of the ordinary. But if we were going to Bristol, we would really start from scratch, it's a major task.

**What would you do then if you were to go to Bristol? How would you approach your valuation there?**

It has come to the stage now where we don't go to areas where we don't know anything about them. You have to be careful if you haven't got the specialist knowledge, and I don't think if you haven't got the local knowledge whether it's worthwhile taking the risk. Or we would talk to the local people, try and get them to do the work. And it's not really feasible, the time getting there, checking it all through, getting all the comparables together is taking so much time and effort it's not feasible for us to do it.

**Would you be able to get a job elsewhere in another area?**

You'd have to start from scratch about the valuation data. You'd have the knowledge, feel for location. Obviously if you worked in another firm with a partner you'd be able to learn from them and benefit from their experience and knowledge. I don't think setting up a practice in Bristol would be a sensible idea on our own.

**So would you say with your background knowledge of valuation you could move between areas, but the actual specifics of the area you would only learn from working that area?**

It's more expertise, that's what you gain from being local.

I think trying to split it, whether you went to a property in Pontypridd or the Shetland Isles, hopefully your building knowledge would be uniform. Location factors, to some degree, you could ascertain, whether it was a rough old road, decent road. But then getting down to value the property, without the historical information, you would have built up; or get hold of someone to build that information and analyse it.

**Obviously your experience is telling you what you should be looking for?**

Should do.

**Are you aware of anything specific in your area, which has a major impact on value that someone from outside the area won't know of?**

I remember someone telling me about <\*\*\*> road, which is on made up land and now I'll always know that road is on built up land, and there are other things which I'm sure stick in your mind. There's also your knowledge and expertise that will tell you not to do something, but someone might come along from outside the area, valuing for a bank, and don't know the area, and could catch a cold. There is grant status, with grants available in Cardiff Bay, which would make things work.

**Does everyone in your office work the same area, or do you have certain patches?**

No, it's not like that. We are based in Cardiff and the surrounds really.



**So do you discuss valuations?**

Well one of the things is you gain that expertise in the market you know. Someone who does residential valuations all the time, then is given this big commercial feasibility study to do, that's when he is going to catch a cold really. You haven't got that expertise of the market place. We are more likely to discuss in the office the tricky valuations, if it's a controversial or needs quite a bit of thought, then bounce it around the office. You will get a variety of responses of course, and condense it.

The market is constantly changing, times can be buoyant, then drop down a bit, and the people who don't keep in touch with that will find it difficult.

**Would you say in the area you work in, you have more expertise in certain areas?**

Because we are involved in the actual agency things as well, with that knowledge we can keep up to date with what is happening in the market place. Of course there are people involved in valuations who are actually not involved with the market, so it's difficult for them to provide advice and people do make mistakes sometimes.

**Do you know some geographic areas better than others do?**

More likely to be sectors actually, much more, offices, industrial, retail. Geographic, I'm not sure it's so much of an issue. You get a buoyant market it's not too bad. But other times, there aren't so many transactions, few comparables, like in this exercise. You're stumping - You've got an idea of Pontypridd, what these areas like, but not like Cardiff, you can have a go at it.

**In the situation, where you find it difficult to obtain comparables, what would you do then?**

I must confess that in the case where you have a vendor, be it commercial or residential and he tells me I'm looking for a figure of x, you think they're over estimating the value and I am cautious, and if someone pushes me, I need this quickly, it's the same thing; I would take more time and effort over it. But if someone said to me to value it and give me free reign, then I'd be less cautious about it, just one of the little fail safe's I have if there is very little evidence, the attitude of the applicant for the loan the vendor.

If they want to sell their property, to put the property on the market they are going to have a good idea of what the property is worth before it goes onto the market anyway a lot of the time.

I think we should take comfort from, if we had a problem, we could ring another valuer from another agent and bouncing the idea of do you know this area, and that can unearth things, oh yes they had it with me, they were totally unrealistic with whatever, I couldn't sell it, I gather it is now with whoever. And that's useful, I'll know certain people I could speak to in Cardiff, they'll know the road, and they might even know the vendor.

**Do they speak to you as well?**

Can do yes. I had a recent job where I couldn't help the bloke, but I knew someone at another firm who was more suited to the job, and suggested they speak to them. Obviously in the commercial market there aren't so many transactions going on. Obviously there are the research departments, and they are keen to produce all this information, and transactions aren't readily available which can complicate things. Your knowledge of the market place is slightly more important.

**But you have no trouble obtaining that evidence?**

Well, you can obtain it; you often have to hope someone will give you off-the-record information.

**But you know who you can rely on, you say speak to certain people?**

Local knowledge there is quite important. But you get a London agent ring you up, and you might not give the information out. Why do the job for them really. We can also find out a lot of information from joint agency and marketing people. Someone may pay such and such in the market, but it's not common knowledge.

**How would you define local knowledge?**

Living locally. I think you've got to be practised, having practised in a certain geographic area with a certain type of property, for a length of time and being competent to do it really. And being in the market, knowing others in the market. Just being immersed in the market.

Awareness of market demand really – the most important thing.

## **Interview with anonymous valuer 13**

**Date: 20<sup>th</sup> October 1998.**

**Duration: 20 minutes.**

**What factors, which you have knowledge of, makes you more competent to value in the area, you do?**

The particular areas of Caerphilly, which have a very poor residential market, such as <\*\*\*> Park, people from the outside wouldn't know that. Houses on the edges of these problem estates tend to be severely affected by value, because of the area. But people don't consider that when they are looking from the outside. You get quite a few factories relocating and so on, and people come into us looking for houses.

**So they don't know where to draw on their comparables?**

Well again you have got to know the character of the area. Again people see a house on the market, think it's nice, but don't consider the tone of the area.

**So from your knowledge of the area you know where you can draw on the information, and the specific information you need?**

Yes.

**How important would you say local knowledge was in the valuation?**

It's important, however, if you do your homework in an area when you are doing a valuation, then I don't see why you can't come out with a fairly accurate result. As long as you speak to agents, spend some time in the area, get a feel for it.

**So what you are saying is that because you know the area you are spending less time, as you know the information or where to look?**

Yes.

**So the issue is cost and time?**

Basically yes. It was like last week I was in Beddau, I've not been there before, but there are plenty of comparables there, same house types had been sold in the last month, so you can build a picture up of what the market is doing.

**Do you speak to agents?**

Oh yes.

**Are they ones you know?**

Not particularly. I usually drive round the area, take note of what's available, start from there, always get the details faxed through or sent. And usually if you speak to agents who have got property on the market in that area of that, they have usually sold some as well. You get an idea of what house types are selling for, and then from your knowledge of what other house types sell for in other areas, adjust the figures accordingly and get an idea of what the subject house is selling for.

**Are there certain agents you would shy away from?**

There are certain agents who we feel over-price houses, that's definitely the case, then we would adjust that in our own minds to reflect that.

**So you weight the evidence in front of you?**

Yes.

**When you first started did you know the area you worked in?**

No.

**So how would you say you built that knowledge up?**

Just over time really. Being vigilant, make sure the files are up to standard, get comparables and so on.

**Do you speak to other people in your office?**

Oh yes, obviously they have a wealth of experience over the years.

**So are you continually doing that?**

Yes.

**Are you still learning?**

Oh definitely. Things continue, even the Principal will come out and have a chat about a valuation he's doing just to get our views on it, to get our perspective and raise any points he's not thought of.

**In terms of this exercise here, was there any evidence you immediately dismissed?**

I dismissed the bungalows, they are a specialist market, and people don't like to buy bungalows unless they are retiring. The house opposite I counted in, although it's not a similar property it gives you an idea of what the house type sells for, you can gauge what they sort of paid for that. The larger house types to see what the market was like for larger premises.

**You say you do commercial work, would you say the area you cover for commercial work was larger?**

We travel further for commercial properties.

**Is that because local knowledge isn't as important there?**

No I wouldn't have thought it was as important, as you do get local values and tones, but I wouldn't have thought it was as specific as residential.

**Is it because of the sectors, or the approach to valuation is more scientific?**

You have got a smaller range of values, for example industrial, within reason you know it is going to be between £1 and £5 per square foot.

**You know so long as you can get the comparables?**

Well yes.

**Do you find it difficult to obtain the comparables?**

I find it a lot more difficult to get the comparables for mixed-use properties say residential with a shop downstairs in a valley town, because nothing sells. The recourse then is a residential conversion, the market for shop premises, and retail is very poor.

**So in your day-to-day work with residential there is no problem?**

I wouldn't have said there was a problem with residential. There are plenty of comparables.

**How would you define local knowledge?**

Local knowledge is your experience in knowing what is going on in the area. But I think you can gain local knowledge from other agents. You don't have to have been there for ten years, you can go somewhere, so long as you show due diligence. You can speak to various people and glean the local knowledge for that particular property.

**Would you need to know the agents at all?**

It helps, but I think as long as you're polite and honest they tend to help if they can.

**Do you get other people asking you for information of your area?**

Yes, mostly London agents.

**Do you give them information?**

It depends how busy I am. Sometimes. I do tend to try and help out local people more, in Cardiff, Newport, and Pontypridd. They take preference over the people from London.

**And do you think these people from London can do valuations?**

I would say no really. I think the London market is somewhat different to ours and sometimes I think they lose sight of what really is going on. But I think local, the Cardiff

agents can do valuations in our area, but the London agents, without spending sometime down here, most tend to be desktop valuations, they don't leave the office, I think they are struggling.

**Are you aware of people coming into your area and doing a poor valuation?**

I wouldn't say that occurs. I am aware of situations; people coming in and they do put a higher valuation on a property than we would. But again I don't know if that is because of the negotiating position or what.

**Would you find it difficult getting a job elsewhere?**

I wouldn't have thought so. You would take it on and adapt to the new area.

**How long would you say it would take to know an area?**

If you were doing it day-in-day-out, I wouldn't have thought that long. Probably settle into a company in a new area, I'd say six months at the outside.

**And I suppose it's continual?**

Of course it is continual.

**Would you say before you worked here, you lived in the area, did that help?**

No not really, I didn't know Caerphilly, never been there before to work there.

**What information do you draw on when you do a valuation, beyond the comparables?**

Well I look at the area, see what the area is like, the condition of the property, obviously the size of it, whether I feel there is a market for it really. We've got residential sales, so we know what's selling and what's not, so we get a good idea. Obviously you'd see what's on the market in the area, what's been sold.

**And how would you draw on your evidence?**

I tend to look at similar house types to start with, and then if I exhaust that, if I can't find the information, I'd have to widen the parameters a little, look at that which is not as comparable and make adjustments.

**Do you find values change in an area, even in a street?**

Well yes, you do get odd blips, but you do tend to find properties do have a level, and it doesn't seem to move much on that level, if they are in good or bad condition, only slightly.

**Do you do panel valuations at all?**

We do valuations, we tend to shy away from things like that as it's not cost effective, and it's not worth my time to go out and do one.

**In terms of, if you do them, are you restricted in the area, or any restrictions imposed?**

Not really. The valuation I did in Beddau that was an instruction from Cardiff. But then we have been instructed from finance houses down south, it depends really.

**In your office, do you all cover the same area?**

Yes, because it is a relatively small area we do all cover the same area, we don't say have one person who goes up to the Heads of the Valleys, Cardiff, we all do the areas.

**Do you all do the same work?**

No the work is split in the firm really. The Principal tends to deal with residential land, and residential valuations. My director does the commercial side, I tend to deal with commercial valuations, agency and management, and I do the odd residential valuation.

**You hear of valuers working the whole of South Wales, do you think that is practical in terms of their local knowledge?**

In terms of the local knowledge it depends, I think the job could be done quicker if somebody is from a particular area, but if they go around they will get a tone for what is



going on, particularly if it's on the M4 corridor. If they do their research, have their databases, they just chuck it in the computer and it just comes out. I would have thought they could give a fair value.

**So in your valuations, you've got your tone of values and you will adjust accordingly?**

Basically yes. You start off, by looking at the tone of the comparables really.

**Do you get comparables before you go out, or do you do that after?**

After. Look at the houses first, then see what's on the market.

**Are you given the sale price before?**

Depends, if they are remortgages, depends on security. We do all sorts of valuations, depends on the case. You pay regard to each individual situation.

## **Interview with anonymous valuer 14**

**Date: 20<sup>th</sup> October 1998.**

**Duration: 35 minutes.**

**In the past decade the market has changed quite a bit with the larger organisations, for example lenders taking over the market, or work, how has that affected yourself as sole practitioners?**

Well it's made it more difficult to get.

Indeed, we've been in business since 1971, until the late 80's we were fully occupied, we had enough surveys, mortgage valuation work, other survey work and then the professional work, and we never got involved in estate agency. We set up an estate agency for my partner's son in the mid 1980's and in the 1990's it started to disappear. And now in 1998 if my partner and I were trying to do the same practice we wouldn't be able to make a living out of it, it's as simple as that. He's now retired and I've not employed anyone else professionally, and the estate agency now whereas it was 30% of our work is now 50-60% of our turnover now. That's the impact it's had on small firms in the last decade.

**Is that the same across the board?**

Yes I'm sure it is. Small firms of surveyors who don't have estate agency apart from building surveyors, I don't know how they operate.

It's very difficult and it's a tough one to try and crack, particularly as sole practitioners. It's very difficult to get onto panels (it is), well they want two partners, four partners, whatever it is and for some reason they don't seem to like sole traders. I don't know why that is, perhaps something to do with insurance, liability. I don't follow that argument myself.

The other thing is, what they are looking for, and what they say is reciprocity, you've got to give them mortgage work, all the lending institutions want mortgage valuation work. Which is why I mentioned <\*\*\*> they have a heck of a clout, they have quite a large surveying practice, many surveyors and gives them a lot of clout.

So they exploit it quite ruthlessly.

Ruthlessly, quite so.

And they will hammer all their applications into a particular lender. So the mortgage adviser passes the business to a particular lender if it is the clients interest or not. And they go to a lender, get on their panel, and once they have done that they are on to the next lender. I'm not sure it is just <\*\*\*> there must others just the same.

**And do you find that as a result of all this, that local knowledge has been eroded, in that the valuers travel greater distances and the resulting valuations are not as accurate?**

There are two questions there and I guess to the first one, inevitably yes, I'm probably guilty of that as well, in that I travel to whatever area I can, I wouldn't turn anything down.

Yes I agree with you there.

I won't turn anything down within reason. But I'm a lot more cautious if I am breaking out of my own turf, against being close to home where I know from personal experience, having sold houses in the area I know what values are likely to be. But other estate agents and other valuers are very generous with information.

Always, quite so.

I can work in that area there quite competently because I have the experience of working there for such a long time, and if I do come up to your area I'd use people I am acquainted with, and the benefit of a view for things. I have been outside the area in the last couple of years, it has been mainly where acquaintances have wanted something done like in West Wales and I have gone down there, done a report on the house, but won't be prepared to comment on the valuation.

**So what you are saying there is that when it comes to surveying a property, your knowledge can be transferred to other areas, but on the valuation you need knowledge of the local area.**

Yes that's right.

From my point of view if I go to and out of patch area I'll spend more time driving round, noting sale boards, taking notes after looking round the house. I'll then go back and collate that information.

A lot of the banks, who do second mortgage valuation work, through their agencies, have these valuation forms to fill in, and they do require you to quote two comparables. That then does make you ring up an estate agency and ask what these properties sold for.

**Do you find you have certain people you know who you will contact?**

Oh yes.

**So you know whom you can rely on?**

Yes.

**And are there others who you don't contact because they are not as reliable?**

No I don't think so. The estate agents I go to, I think they know their stuff reasonably well. They know their stuff from a market point of view, as well as going to a chartered surveyor. In this area the information I get from <\*> or <\*> is just as valid as what I get from <\*>. I know <\*> very well, and he's a great help to this area. I do rely on estate agents. There are certain people I am not familiar with and I wouldn't try them. Most of the well-established estate agents I'm quite impressed with, the staff they employ, they know their stuff.

If you are dealing with it there every day your level of knowledge is there isn't it. Once you have extracted that information it is up to you to make what you will of it then.

If you are polite they will give you the information then. Years ago I used to fail with some estate agents who weren't in our profession, but I have no difficulty now with estate agents.

Absolutely so.

**How would you define local knowledge?**

How would you define locality I suppose, and it would be different for different types of property I guess.

The local knowledge is whatever area you give, it's working that area doing this sort of work day-in-day out. Coupled with the fact you record what you have done day-in-day-

out. Years ago I could remember a valuation which I went to six month ago, but now I've got to go to my records, which go from 1954 incidentally.

I don't know about you, I've almost given up trying to value properties. I will go there, get a comparable, from the office records or someone else's office records, or those which have sold recently in the estate agents, and apply that information. Rather than the other way round. One time I'd go to a property, as you would say you know what it's worth instinctively. I've move away from that now; you've got that force behind you, if you get it wrong you are in big trouble, couple of thousand pounds worth of trouble, which concentrates the mind a little bit. And quite honestly if you get the valuation wrong, it doesn't matter so long as you show the information on the file, which shows you have looked at all relevant things, and you show you've not been negligent.

The first question you asked, the feel for value. When we were out there my feel was about £75,000; I was quite surprised then to see £87,500 from the vendor which I thought was slightly over. I felt it was £75,000 the other information in Pencoed Avenue, then a three bed, made an offer of £70,000, and I thought I am a bit low at £75,000, moreover I've always thought this was Pencoed Avenue there is no parking on the plot, you have to park on the road, if you have a decent car, you like to get it off the road, and you can't do that without going to great expense. I think that's a disadvantage with it, and I don't think a lot of people would go near £90,000. That one at Ty Gwn Road, there was garaging there, in fact it was a long triple garage in fact, and the owner also knocked in another access drive off the side road and made a hardstanding there. I think that is what this one lacks.

**Are there particular issues you know of in your area that has an impact on value?**

Yes, inevitable isn't it. You know an area intimately; you know the good points the bad points in it over a period of time.

From my childhood on The Common, everybody who was everybody always lived up on the Common and The Tyfica area were the residential areas of Pontypridd. Where I lived in Trefforest, south to the University, that was OK, not bad, but the main prime area, and has maintained that status, because the absence of impressive residential developments, there hasn't been much development in the town because the hills prevent that don't they, so some areas have maintained their prime demand. Certainly The Common, Pencoed Avenue have maintained their demand.

**Would you say your historical knowledge comes into it?**

Yes, I think one can follow the trend. It's hard to value property these days. We've got so many areas of Cardiff these days, which have become so fashionable. The prices in certain areas of Cardiff now are higher than the peak period of 1988-89; in other words they have completely recovered and gone further.

I recently valued one in Llandaff, 4 bed semi's, with garage perhaps, the prices were quite high, staggered me, about £180,000.

There is much, much more modest property in Canton, they weren't fashionable roads, but they have now become quite fashionable areas, and you can buy an older property there and pay more for it than you would for a house in say the Llanedern area, where in the 70's, they built a lot of good sized housing, and they don't match the prices of the inner city areas, because these areas are more fashionable now in the inner cities.

In the 1970's Llanedern was the place to be, indeed.

But then it was foolishly done on this Radbourne plan, which Cwmbran was done in, of pedestrian access to the front of the property, and vehicular access to the rear, so any visitor comes to the rear of the property, because that is where the road takes you, if you had a car. And they have never been popular.

**So that affects values now?**

Yes it does.

As you say, they tend to become a little seedy. The garages tend to look a little run down, doors get tatty, banged about, and the whole area has a shanty look.

And the good part areas, which the council doesn't maintain, the footpath areas with all the paving are overgrown. And people just don't like it.

**Do you both get involved in agency work?**

We do it, but I try not to have too much to do with it myself.

**Do you find being involved in agency helps in your valuation work, you are involved in the market, and you know how it is going?**

Of course you do. First hand evidence.

**Would you say that was better than your valuations, for comparables?**

I do, I'm a firm believer in, if you are involved in the market, you've got a feel for the market, you have a better idea of market trends. If you have done a valuation and have a comparable from six months ago, it's not necessarily right. The agency, they put you the prices to get the properties in, so they are in with the market.

Of course, if you are actively involved in selling it, and if you ever get the situation of having to speak to someone in court or whatever, you infer a certain knowledge - I was involved in the sale, I negotiated the deal, it is bound to carry a lot more weight than if you were to say I spoke to so and so, sold that that, sold this, it's second hand information really.

**Would you instinctively go to estate agents or valuers who were involved in estate agency as well?**

Very often if you are after a little bit of information, perhaps to back up what might be a gut feeling to start with, then if you can speak to the girl in the office, and tell you I've sold that, that's all you need. Trouble is you ring up your old mates you could be on the phone for an hour.

Yes you can.

I can be quite positive about that, if I want valuation evidence I would go to the estate agents rather than the valuer, probably ring up <\*\*\*>, because they have their valuation records.

**You say you occasionally go further afield, how do you approach your valuation there?**

It depends what it is, I think that if I go father afield, the chances are you don't do the usual property, rather the one, which is unusual. If I come up to your area you have quite a diversity of property (quite), certainly anything out in the sticks is always harder when you are outside your own area.

**Would you drive around more?**

Oh yes. Wouldn't drive straight back after the survey. Look around then.

**Would you talk to agents then, or talk to them when you get back to the office?**

No, I think I'd move onto the next job, it would have to be a contact in the office the following day.

That's the trouble isn't it? It would be nice if you went to see a property and you could spend the time to go around, three or four agents, get the details and have a chat with them, but at the end of the day you have got to make a living, and you might spend one morning doing just one valuation.

**So that's not cost effective then?**

No.

**Does that restrict the area you can work in?**

To be honest I get the girls in the office to do a lot of the devilling around for me.

I do too. My secretary's very experienced, very knowledgeable, she knows exactly what to ask.

**So you have specific people, you all know each other, a network you build up?**

Yes.

But you never do it yourself; you get your administration staff to do it. You're always travelling about, generating the fees. If you spend the morning on the phone, you're not earning anything at all.

I went to court a couple of years ago, on a matrimonial valuation, and the other valuer worked for <\*\*\*> and he produced comparables, he gave his evidence, and all his comparables were from the estate agency and he hadn't seen any of them. And the ones I gave were either one's I had inspected or the office had sold, and I'd seen every one of them, and I think he had better evidence than I did. But I got the judgement in my favour, and I learnt from that.



The weight of evidence.

I said to the judge, I'd been inside them, and he asked the other person, and he said no, I got these from our estate agency.

And he hadn't even bothered to look at them.

No.

**So that was because of your first hand knowledge?**

Yes, I wouldn't dare turn up to court without evidence that I'd seen the property.

**Do you think the recent cases against valuers which look at defects makes the valuer more aware of missing defects rather than looking at the valuation itself?**

Oh yes, I'm sure of that. The Yianni thing opened up a complete hornet's nest of claims. Lawyers don't consider if it's a mortgage valuation or a building survey, you should have seen that and they argue. And things haven't changed in my opinion.

No. I suppose what one reads from the professional journals, about the nature of some of these things. It was the lenders or the insurers who was going after the surveyor after the value had dropped and they say he had negligently valued it too high, but that has now passed through the equation now because of economic considerations, rather than anything else. I think you are dead right about people who miss defects. Those who are unfortunate to get caught on defects and the solicitor will be down like a ton of bricks. If the chap happens to be on legal aid, you can watch out then. You've had it.

**So you always have to watch your back?**

Yes.

**Even when you know an area?**

Yes.

You wouldn't think of doing an inspection without looking at the roof void and sticking your damp meter in the wall. If you did happen to miss something as obvious as that you wouldn't have a leg to stand on.

**Do you think buyers should commission their own reports, rather than rely on the lender's valuation?**

It would be nice if you knew who exactly you were giving the report to. For the building society, paid for by the building society but, others seem to be able to rely on it which doesn't seem to be altogether fair. I know some of them, the <\*\*\*> don't give them a copy of the report now, so you know exactly where you are with that.

I must say I feel safer doing the work I am doing now, because the fee will enable you to spend sufficient time at the property, whereas with the £80 mortgage valuations you don't. I feel safer in the reports I am sending out because that is most of my work.

I know what the building societies are going to be charging and you charge a bit lower than that.

**Because otherwise you are going to be squeezed out of the market?**

Yes they have got a captive audience, captive market. If someone wants a housebuyers report, they have the chance of going to their scale fees, which is £300 sometimes, but mine are maybe £200. But the borrower has to do that because they won't pass it out to a private surveyor. They want a staff surveyor to do it.

It's all tied up, that's the way it goes I suppose. The building society stands to make money out of the survey. If their own surveyor is going out doing it, they are not paying him anything like it, that's for sure.

**So at then end of the day it's the purchaser who loses out because they don't get the experience or knowledge of someone like yourself?**

Of course. They do employ these people who have been just out of college, been out of college for several years, and I don't think they have seen enough buildings to do a full survey.

**So how long would you say it takes to know an area, to value competently, or accurately?**

Two different questions again. Obviously you have an advantage if you live in and were brought up in that area. You know all the nuances, the nice streets to live in, the ones that weren't. In the past the old articles thing, took you three or four years. If over a

period of time you were working with someone who was a competent surveyor, you get to learn most of the pitfalls in that area.

If some young, newly qualified surveyor, went to someone like say <\*\*\*> he would have access to quite a database of comparables, and he shouldn't be widely out on any valuation, be able to do the valuation OK. Whether he could do the inspection satisfactorily is another matter. Your experience comes into it then. You've got to know the areas that have got subsidence. Mining subsidence like up here, and that only comes from working in an area a long time I think.

**How long would you say that was then?**

Well, I look back at my own career and feel that for the first ten years, the people who I acted for, this is for inspection, I don't think they were getting value for money. I was lucky to get away with things I think. I didn't have sufficient knowledge till after ten years. Then after I felt I was reasonably competent. With CPD these days I think young qualified valuers, they should be up and going in five years.

**And are you continually learning are you?**

Absolutely, yes.

**Do you still find you are learning new things?**

Yes. Someone has said something to you, and you think they're right. It still happens doesn't it?

I do go now to a few CPD's, whereas before I'd do rent reviews, like that, because I was general practice. But now I am just concentrating on the residential, and whenever there are things on relating to housing I go along to them.

**I suppose you won't see everything, you are only going to see certain properties so you will miss certain bits out?**

Yes, that's right.

It's strange some years ago when I was with <\*\*\*> in Abergavenny, the surveyors worked in patches, one surveyor did that bit another that bit, so you would get a bit of local knowledge in the area, and we had to value properties for <\*\*\*> and I had to do one this

side of a hill, and another chap had to do another one half a mile away the other side. It was a farm and they were on different sides of the hill, similar houses, mine was valued at say £19,000, as it was in those days, and the other chap got his to £9,000. A lot went on the sphere of influence and where you are coming from. In those days you might have been coming from Crickhowell which might not have been as valuable as Abergavenny at that time. Coming in from different ends, different sides of the valley. Of course both reports were signed out, and <\*\*\*> wondered why these two reports of similar properties close by, were so disparately apart in value.

I have to say we have had the benefit of a property market that has risen apart from one period in the 70's, till we came to this late 80's boom, the uplift in residential values was always gradual. We knew we were safe because never ever did we ever apart from once in the 1970's and that only lasted 6-8 months, did we have a problem of over valuing, because it always caught up, it never looked back. Of course in the early 90's some of the valuations we heard about were absolutely horrendous, where the trend continued and valuers put something in at £250,000 and eventually they were sold for £150,000. I've seen cases, particularly where properties were repossessed, they go into a hell of a state, there is a stigma against them, and the gap seems to widen.

Things went on in the peak of 1988, then 1989-90 there wasn't that much movement, and things continued to 95, when the market was still pretty awful.

**Would you say values vary down at street level, within streets?**

Well it all depends on condition, some houses could have been upgraded and grants on them, others not, there is a disparity there.

It's strange when you go to some of these South Wales Valleys, and they say so and so street is the place to be, and you look at them from the outside and they look exactly the same. Why one happens to be better than that I don't know, but it does happen.

The further up the valleys, properties haven't changed for several years now, if you went to Maerdy for example, the property values haven't changed there, you're lucky to sell it even.

**Of course you have the advantage of knowing that, but someone from outside wouldn't?**

Yes.

## **Interview with anonymous valuer 15**

**Date: 23<sup>rd</sup> October 1998.                      Duration: 20 minutes.**

**What factors or attributes which you are aware of makes you more competent to value in your area compared to someone from outside?**

It's the breadth of experience and the time of experience really, knowing the localities in more depth over a period of time and knowing perhaps particular features, different localities within the area, and different problems that have perhaps occurred in the past.

**Are there any specific issues, which you can think of?**

Well in the study here, perhaps someone coming in a fresh perhaps wouldn't have realised that The Common was really well thought of. And there are other localities like that as well.

**Are you aware of valuers who come from outside the area? Would you say it was quite frequent?**

Certainly you are aware of instances where valuers are coming in from well outside the area, but I think there is less of that now, so it's pretty infrequent.

**Does that have an impact in terms of their ability to value?**

Yes indeed, I'd be unhappy to go out of my area to value property.

**Would their values be higher or lower?**

Well it could go anyway. Depends where they come from and the values they are used to, but the norm is they go higher. There is always this danger of fraud, you get somebody in from outside to do a valuation because, and whoever it is, needs a higher valuation.

**How important would you say local knowledge is in the valuation?**

It's very important. You can't beat local knowledge.

**Where would you say you acquired your local knowledge?**

Basically through experience really. Through carrying out valuations and speaking to people, from owners to local estate agents, local valuers. It's surprising what you can gain from just the people themselves.

**How long would you say it would take to get to know an area, say the area you work in now?**

I'm still learning basically; I've been in the area over the past ten years, specifically for residential mortgage valuations. It depends how wide the area is I suppose, if you worked in an area based in and around Cardiff, you could probably build up a good working knowledge within 12 months I suppose.

**In terms of your valuation do you rely on your own database?**

No, I gather information wherever I can get it.

**Do you go anywhere specifically?**

We've got a pretty good database, but it's mainly local agents, who are very helpful surprisingly enough.

**Do you go to specific agents?**

They're all fairly helpful. You will find some are more unhelpful than others are, so you tend not to go back to those, but they're all pretty good really. Try them all if you're really desperate for comparable information.

**Would you say some of the information from some agents is less reliable than others?**

No I don't think so, they are usually truthful. The one's who aren't perhaps useful are the selling agents on the new developments, the actual people on the site who may not quite be truthful with selling prices.

**Say for example you were asked to value outside your area, in that circumstance, how would you go about your valuation?**

If you gather the information there is no reason why you can't come up with something acceptable. Go to the property, discuss it with whoever is there, the occupier, they can often give you quite a lot of information, then you'd go to other agents, obviously make a note of the sale boards that are around, then ring them up, speak to them, might even call in and speak to them. You can get a feel then for it.

**So it would take you longer to do a valuation outside your area?**

Yes most certainly.

**Do you find in your area you will have an idea for what a property is worth?**

Yes, certainly I'd go to a property and be confident of it's value. I've got comparables on my database that would support it. I'm confident in the first place, and would then point to my database.

**Would you say there are areas in your area where you are more confident in valuing?**

Yes, again it comes down to how much comparable information you have got. You can go to a street in Cardiff and think what are these worth. You'd do more research on it, even though I know Cardiff really well.

**So value can vary even down to street level?**

Yes.

**In terms of selecting your evidence how would you go about that?**

Well obviously start off with as near as possible, identical properties that have sold, and you work down from there then, if you can't get anything identical, get something as near as possible and work from there. Or possibly go to a neighbouring area or street.

**Would you say from your local knowledge you would know of specific areas where you would draw from?**

Yes.

**So would you say in this exercise there were areas where you would ignore some of the evidence?**

Yes.

**So someone from outside there area might not now that?**

No. Some of those addresses sound quite attractive.

**Is it just you in your office that covers that area?**

No there are two of us; we both cover the same area.

**Do you discuss between you?**

Well some organisations, say you have that area, and you do that, but we don't think it's practical at all, because one might be off for some reason, and you wouldn't know the patch. It's better in that you get more variety.

**Do you bounce valuations off each other?**

Yes, say have you been here, what do you think of this?

**Do you speak to other valuers?**

Yes.

**Are they specific people you know?**

Yes, again it's something about coming down a scale of evidence, you tend not to speak to the other valuers, generally, but if you get stuck.



**Do you do panel valuations?**

We do mortgage valuations for all the main lenders.

**Do they impose any restrictions on the areas you work?**

They tend not to. There are radii mentioned for some of the instructions, but that doesn't seem to cause us a problem, because the maximum I would go from Cardiff is about 30 miles I suppose, which is outside the area for some, but we ring up and say we cover this area, it's outside your area, but they say it's ok.

**What sort of limits do they impose, is it about 25 miles?**

Yes, it can be down to 15.

**There are valuers who may cover a wider area than you, would you say they were able to value there?**

I suppose it depends on what sort of work they are doing. Our Swansea office covers a much larger area than we do. But there isn't a lot in there.

**So it's partly sectors then depending on the concentration of property?**

Yes.

**Would you say you could compare different areas?**

There is, there can be a common thread, running through perhaps some of the poorer valley areas, your poorer terraced houses say £18,000, that would be the same through from Maesteg valley, across to Aberdare, Rhondda and Merthyr.

**How would you say define local knowledge?**

It's local knowledge. Having experience of it and being confident to do valuations, knowing properties in particular areas.

**Would you say geography was important, in terms of the size of area covered?**

It's obviously a factor.

**So would you say that depends on the area as well, in terms of the type of market?**

Yes. I suppose it comes up to volumes doesn't it. If you spread out over a wider area provided you have got the time to actually compile information then that's OK. But then it's uneconomic if you have to spend so much time to dig out information.

**I suppose it's a balance, which limits the area you could work in, in terms of cost and time?**

Yes.

## **Interview with anonymous valuer 16**

**Date: 28<sup>th</sup> October 1998.**

**Duration: 20 minutes.**

**What factors which you know of, makes you more capable of valuing in your area compared to someone from outside?**

Planning, knowing where the new roads are going to go, though not so much of an issue now as they have gone on the backburner. It's difficult to quantify really, but when you work in an area you do get a feel for the area. In the area I work in you go to the Rhondda Valley and one street looks much the same as the other one, but people who are living there say they would much prefer to live in this street, rather than the adjacent street, as it is a nicer street, but you can't see it really, but the people are prepared to pay more there. If you were fresh to the area the less you know, but the more experience you have, the more about the market you know.

**Would you say it was more taking into account buyer preferences?**

Well I think so, it's to do with that, and it's also the overall knowledge of the area. You can come in and ask someone, ask the local agent, I'm trying to value this house what did the other one sell for, but they might have sold so much, but then the local agents might know something drastic is going to happen in the next six months in the area which might increase or decrease the value significantly. It's the unknown, which you would not find out immediately.

**Are there specific factors you know of?**

Well where I am based I know of two or three road schemes. There is one new road that is going to be built and if you value a house adjacent to that you know, then there is the dualing of another. There is also the new hospital that is going to open soon, and it isn't going to have any residential accommodation in it at all, I'm already seeing people looking to buy houses for investment purposes to allow them to rent these out to people from the hospital, there is that as well, so it works both ways really.

### **How important would you say local knowledge was in the valuation?**

Well I think theoretically the qualified valuer should be able to use his qualification to value property anywhere. But at the end of the day with local knowledge, whilst you can try to find out as much as possible, you can't find everything out really. The person in the area who knows the area is perhaps naturally the best.

### **Could you value in other areas?**

Again it depends on the property really. If someone asks me to value a standard three bed modern semi-detached house in say a suburb of Bristol, taking things to the extreme, I would feel fairly happy doing that because you know if it was on a large estate you would have a fair few comparables to use. You could get a fair idea of what was going on. But then the further away you went the less comfortable I would feel. If someone did ask me to go to Bristol I wouldn't do so, but if it was in Cardiff I probably would as it is on the very edge of the area. Living locally you have an idea of the area as well. Too far, it's the practicalities of doing it.

### **Taking this valuation in Bristol, if you were to go there, hypothetically, how would you go about the valuation?**

Practically I would have to allow two to three times as long to do it, I would want to go to the subject property before the inspection, drive around first and look at the area really, if it is on a large modern estate, if there is any new building going on, and if you drive around any area and see, for example if you see lots of for sale signs and no sold boards you immediately start worrying, whereas if you see one or two sold ones then you think this isn't too bad. That would give a feeling for the area, try and find who the local agents were, what details you could get, ask a few questions. The next logical step I would really have to go to the local planning office to inspect the local plans.

### **In terms of your own valuations do you rely on your own database?**

I do more now than I did at the beginning. The information I know really, you get asking prices in the newspapers, pick it up there, as prices are negotiable there. Primarily my own data.

### **When you do go to others is it people you know?**

I would ring anyone, see who could help.

**Would you say some agents are less reliable than others?**

Some are less helpful, but then understandably so. From an agency point of view you do get maybe three or four phone calls a week from surveyors working for building societies asking for valuation evidence and comparables. You do get them from Bristol and they do start to ask questions, and you say, well you are the valuer. I will give them information, but sometimes they press you too much. Most estate agents will give you the information, it depends on the pressure and what information you need really. If you want an asking price or sale price that's fine, but if you are after more and more information, what a similar one would fetch for they you are pushing your luck really.

**In this situation there are few comparables, in practice how would you go about your valuation?**

I think I would just have to take a view on it really. You inspect the property and look at it in every detail, stand back and look at it again, it could be a nice house with everything in it, but then you stand back, it's a standard three bed semi, and it's going to have a certain ceiling to it's value really.

**The area you cover is quite small, would you say valuers who cover a much wider area could be able to value in their area?**

Well the area there is my main area; I've done valuations in Cardiff and Swansea. I would feel comfortable doing a valuation in Swansea, but mainly because I've lived in this area, lived in Swansea and lived around Cardiff. But if I was asked to value in Aberystwyth, I wouldn't because I wouldn't know where to start, wouldn't know which were the good areas, which were the bad. But if you were covering a wide area say from Aberystwyth across and down, you'd find that too demanding really.

**Do you find valuers come from outside the area come into value in your area?**

Yes quite a lot really. Your attitude towards them depends. You help where you can, but then we've had people ring us up and asked one of the ladies in the office what something had sold for and they have got a computer in the other hand, given them the wrong sale price and they have not questioned it, could be £20-30,000 difference, purely by mistake, giving the wrong addresses, given them £70,000 for a property when in fact it should have been £100,000 and provided a valuation on that. The problem is the unreliability of the information you are getting.

**What is your view on the people who come from further afield?**

Well professionally you have got to work within your limitations really. To me as a sole trader I've got to watch my claims with indemnity insurance, so I have got to look at it from that sort of side of it as well really. And also from the other side how long is it going to take, if it is going to take all day then it's not going to be financially worth it. From a professional point of view, if someone is asking for my opinion on not just the property, but also the area, and if I don't know the area, then I've got to decline it. I've had a few valuers come from Bristol, heard them commenting on the area and quite clearly they don't know what they are talking about.

**How would you define local knowledge?**

It is something you would acquire, not how you analyse things, it would be knowledge you would acquire from your professional activity from within an area really, it sounds vague, but if I'm working in this area, you speak to other valuers, solicitors and others, and when you are driving around, you just get a feel for the area. Find what areas are popular and so on.

**Are you still learning about the area you work in?**

Yes all the time.

**How long would you say it took you to know the area you work in?**

Quite quickly really, valuation wise around six months, having lived in the area as well. Quite quick.

**Could you work elsewhere?**

Well take Birmingham where I've never been, it's going to be hard and it would take sometime, you wouldn't know the good areas, which were the bad. I mean someone who might come to value in the Vale of Glamorgan might come in and not know the premium attached to property in that area.

**Do you purely do residential?**

No, I do some commercial.

**Would you say value commercial over a wider area?**

It would depend a lot, on property and availability, some times getting comparable evidence is easier.

## **Interview with anonymous valuer 17**

**Date: 3<sup>rd</sup> November 1998.**

**Duration: 24 minutes.**

**What factors, which you know of in the area you work, makes you more able to value in that area than someone coming in afresh from outside?**

It really is the case that you build up local knowledge as you go along, everybody has got to start somewhere, basically from Cardiff we'll do valuations up to Merthyr, Hirwain, and going along to Cowbridge, Porthcawl, down to Barry and Penarth. But the amount of work you are doing, it doesn't take long to build up local knowledge. And the more you do the easier it becomes as well.

**Are there specific factors you know of, which have an impact on value, which someone from outside will not know of?**

Yes, I do. For a while there were certain areas down Tremorfa, in Cardiff, it could still be a problem, where they have got the caravans down that way, and someone from outside the area might not know that sort of problem is ongoing. Local flooding is another thing, the way the weather has been recently, you might come down to an area see nothing wrong, then get a wet spell; suddenly everyone knows this area floods. You get, not so much in Cardiff itself, but when you come out to the Rhondda Valley, there are certain places in the Valley where people won't live. You'll find the property market in one place is going along nicely, then in the next village, which is basically a continuation, the property market is dead. That is because local people will stay very much local, they won't move to the next village. Same with amenities, whatever is available locally. A big thing in Cardiff is school catchment areas, unless you are dealing in a local market, you might not know that this property is either just inside the Cardiff High catchment area or just outside, and it can make a big difference, it has a certain demand and price.

**Would you say that has an impact on where you obtain your evidence?**

Yes they do. In an ideal world, then two or three in the same street if you are going out to value a property that are identical, that have sold within the last few months, but that doesn't happen, but then the more volume you are doing, you find you've done a house and looked at one round the corner, or one across the street, and you know what they sold for. Obviously being on the spot is a big advantage. I know there are certain firms



that do operate, people from Chepstow do valuations in Cardiff and beyond, how they can possibly think they have the finger on the pulse I don't know. The survey or inspection might not be wrong, but the valuations may not necessarily be right.

**Would you say within a street there could be changes with a value?**

Well, you can do. In certain areas you have the sunny side of the street and the not so sunny side of the street. Pontypridd is a good example of that where on certain sides, one side you have a good outlook over the town, and on the other side you have a garden that looks like a sheer cliff. People would prefer to stay on the sunny side. You have to think, the houses are identical, there isn't much of a difference in valuation, the good thing about this job is you never get two houses the same.

**When you look for evidence, do you use your own valuations?**

Preferably, because if you have seen things, you have a better idea as to condition. Otherwise if you are phoning up agents, I'm not saying they'll mislead you as such, but they may give you a distorted opinion or something. We have cases, you pick up the phone, you say I see you sold such and such a place, give you the evidence, and it so happens a week later you are asked to go out to value it, and the impression you got from them is not necessarily what you come and find. In some cases the information they give you as far as price is wrong as well. You can only be as good as the information you get.

**Would you say you know specific people who you would talk to?**

Yes, again, agents I'm lucky, because of my accent people remember me. You know certain people will give you certain information, other people won't give you the time of day. In general most of them are quite helpful because, they are selling something, you come to value it; they like to keep on your good side as well. The more you talk to them the easier it is as well.

**You have moved from another area, how easy was it adjusting?**

In terms of Cardiff it's not too bad because of the sheer size of the place, you can get into the swing of things quite quickly. At the time I joined a firm called <\*\*\*> who had a good database built up there so it wasn't as though you were starting with a blank sheet of paper, you also had other people to talk to, you were looking at a certain area, ask what they thought of this area, what are the prices like and you get the feedback obviously

from your own members of staff. Obviously being with <\*\*\*> the information is second to none.

**I suppose you also had your background knowledge?**

Yes, in theory a survey's a survey no matter where it is, but from the valuation point of view, the valuation is what you are there for, that is where you need the local knowledge, the local information. There is no point comparing a property in Dundee to one in Cardiff, they are a lot cheaper up there. But then having said that, in Aberdeen the prices are phenomenal, the word recession has never existed up there. But then it's a different type of market again.

**Do you do panel valuations?**

Yes.

**Are there any restrictions placed on you?**

Yes there are. Some lenders there are. People like the <\*\*\*> will only instruct people if they work certain postcodes, they will look at a postcode and if they don't consider you cover that postcode you will not get that instruction. There are others where you have to be within 15-20 miles of that property to value it. 20 miles is not very far, but I know that other staff surveyors, like those for <\*\*\*> or <\*\*\*> will cover a much larger area, they will be up in Aberystwyth in the morning and across to Chepstow in the afternoon, and they cover vast areas.

**Would you like to be doing something like that?**

Not on a residential basis, no. I can understand it on a commercial valuation then on a commercial basis it is different. Certainly on a residential basis there is no need to. It can't be cost efficient to go up to Aberystwyth on a fee of £150. It would take you a day to get there and back. So there is no real need to.

**So you feel comfortable in valuing in the area you do?**

Oh yes.

**Would you say within that area you were more confident in certain parts more than others?**

I think not. I've been down here seven years now and I have no doubts about looking at anything in that area at all. I say I never have, but you always get one-off properties no matter where you are. I have no doubts about my ability to value property in that area.

**When you are doing your valuation, how do you go about drawing on your comparables or evidence?**

Through time you do have a good idea as to what you are looking for. You get one-off properties where you will not get comparable evidence, and that's where the experience side of things comes into it. In the South Wales Valleys the traditional terraced house, things do vary from bit to bit, but in general you'll find terraced properties great because there is always plenty of comparable evidence available, though you get some that can vary from £10,000 to £50,000, but look the same from the outside, obviously condition wise is an important factor. Ideally if you can get the property next door then great, but that doesn't always happen.

**So from your own knowledge of the area, you know roughly what the value of the property is going to be?**

Well, certainly when you have been down round and done your inspection, you get the feel for it as you go around. By the time you've finished you've got the whole thing. It's up in your mind, you've got all you need to know, and all the facts are there. As I say nine times out of ten you will value at £x,000, you have a gut feeling for things. There have been a lot of expensive things on the go really, we had one a few months ago with an estimate value of £1,000,000, now million pound properties like that in South Wales are few and far between, so to get comparable evidence for that sort of thing, it's very difficult. In the end it was valued lower. There are things being sold in that price range, but you'll never find that sort of example; you'll never find two things the same anyway.

**Would you say with that sort of property it is in a different market so you will be drawing on evidence form further afield?**

With that one it wasn't so bad because there are things around the Cowbridge way that are selling, Tom Jones house sold for over £700,000, again you know, the agents to contact, there are two or three agents down in Cowbridge, who you know if anything has been sold for that sort of money, if they haven't sold it they know about it. A lot of

properties have quite a lot of land to them, you know exactly where to go to get the information you need. Nine times out of ten they will know the house as well. And they will say, we can tell you a story about this. And that is where you build it up from. You go through the exercise, these things take a little bit longer, with a typical terraced house or Wimpy house you may take 10-15 minutes putting the thing together, with a house like these, you'd spend two days putting the valuation together, then you do what you can.

**So in that kind of situation, someone from outside the area might find it more difficult.**

Yes. I think it will also depend on the area they come from, if they are used to an area where they are dealing with million pound properties, then they could easily come along and our area it's about a million pounds, but I think it is very difficult to go from area to area, because you are going from market to market, and unless you are familiar with that type of market, you are asking for trouble.

**In that area you work in, would you compare different areas?**

Not particularly, not for your normal house. But for one off things, especially if it's a farm with a lot of land, you may look, this farm in Treorchy, is similar to one we've got in Aberfan, you wouldn't think of comparing terraced properties in Treorchy or Aberfan, but when you have got a farmhouse with so many acres of land, and you have another farm with so many acres, then it's a good guide, because again it's a different type of market, it isn't your traditional terraced house type market. Again it's a specialised market as well, for things like that. Normally you would try and stay as local as you can. And the more comparables locally you can get the better.

**How would you define local knowledge?**

Being on the spot I suppose, but it is getting a feel for the market, local sales, local transactions, what the sort of market is, whether there is demand. There are certain areas of Cardiff now if anything comes onto the market it will be sold, but a few miles along the road you can't sell things for love or money. Llanederyn is a good example of that, it's a very poor market, two miles up the road you are in Cyncoed, and it's a different market altogether. Ok someone from outside the area shouldn't make that mistake, but you get a map like this and say well here is Cyncoed, here is Llanederyn, that is close, Cyncoed is a popular area, Llanederyn must be, but it doesn't work that way, and as I said it's only across the road.

**So do you divide up the area you work in?**

Yes you do, but I think that is the normal way to do things. With Cardiff, Pontypridd is the same, go to some parts of Rhydyfelin for instance, you get a good bit and not such a good bit, and others you don't go. But you do break things down, and through time and knowledge, you know for yourself the good bits the bad bits, the bits that are going to sell, the bits you get a high proportion of repossessions, and you just find it as you go along, you get a feel for things as you go along. Someone from outside the area might struggle to pick that sort of thing up.

**How long would you say it would take to get to know an area?**

I don't know, it also depends on the volume of business you are dealing with, when I came down here I was very much thrown in at the deep end, in Merthyr one minute, then down to Barry, so it doesn't take you long to get a feel for an area, you get the one-off properties, you will phone around to get a better feel for, or knowledge. But it shouldn't take too long to get a feel for an area if you are based locally. With Cardiff say for instance, if you have a surveyor coming in from Bristol, to try and get a feel for the market at that sort of distance it is difficult, but if you are based there, you are on the doorstep, it wouldn't take long to pick things up.

**If you work for a company that had a substantial database and colleagues you can talk to it is easier?**

That made things a lot easier, if you have got a database already set up then as long as you can use a computer then you can get a value for a property before you go along, if you know you are going to a property in Barry, Pontypridd wherever, if you can rattle off comparables before you are there, a way of getting a feel for the market is you go around, look at these properties from the outside, and then you will get this one sold for £40,000, that sold for £50,000, now why. It could be condition, but you get a feel for areas as you go along. Another way of finding about the local market is to have a drive around these places at night, because during the daytime when a surveyor goes around them people are at work, in school or whatever, the area is very quiet. You go along at night when the kids are out, it's a different place altogether, and that sort of thing isn't always picked up unless you look at the local papers, and you see there is more trouble in Ely or Pentwyn wherever, if you go around during the day you won't notice these problems.

**So is what you read in the papers the sort of thing you would draw on?**

The bottom line for the valuation is the comparable evidence. Occasionally you will flick through the papers to see if there is anything else around on the market, but that tends to be more your one-off things. In general you will know where to go to get the information you want. If you don't have the information on your computer, you know you can go to <\*\*\*> or <\*\*\*> even at <\*\*\*> we have a tremendous network of offices, you can pick up the phone and have a chat with these people, and a lot of times you will find, because we have got an estate agency, you will find that they have been out to see that house, whether with a view to put it on the market, and lost out to <\*\*\*>, so we told them it was worth £75,000 and it was sold for £85,000. It also helps them, they feed off you, but they also get information, the property sold for this, the market is picking up, or the market is dropping. It is all speaking to people, that is where you get a feel for what is going on.

**So do you talk to estate agents?**

Yes.

**Why is that?**

That get a feel for things, you know sometimes, you pick up the phone and they say this has been on the market for six months, and sometimes you get you will never get to sell that house as someone was murdered in it. That is the sort of thing local knowledge and everyone around the area knows it, it can make a big difference, no matter how nice the house is. You will speak to them because you have got to touch them; we get phone calls from estate agents as well, when they have a one off property with a view to putting it on the market to see if you have got any idea with regard to price or do you know anything about that house.

**Are these agents those within your company?**

I have got a good relationship with agents. I think the secret is to speak to them, if there is a problem with the house speak to them, if you have a problem with the valuation of a house speak to them, and as a result you will find them quite helpful.

**Are you still finding you are learning about the area?**

You always are, if I ever get to the stage when I think I've stopped learning I'll start to worry. You are always learning. You have got too. There are always new areas being

opened up for development, always areas where you will find housing associations have a lot of money and wanting to buy up properties, that sort of thing that does affect the local market, in specific areas, like St Mellons, Pentwyn, housing associations took a huge chunk of these places, as a result private sales just went through the floor, then you'd find everyone did part exchange work, because the only way to get out was to do part exchange and move to Pontprenau. Things are changing all the time. The market is changing all the time, in Cardiff for instance with Cardiff Bay, these sort of areas are being opened up and becoming good ones, Atlantic Wharf a few years ago you couldn't sell anything because they bought at the peak, but now the area is developed, there are people returning to that sort of area, the market itself is picking up. Things are changing all the time.

## **Interview with anonymous valuer 18**

**Date: 12<sup>th</sup> November 1998.**

**Duration: 26 minutes.**

**Do you get valuers coming in from outside the area?**

Yes, quite a lot.

**Has this changed over time?**

It's got worse. I think the thing is now, a lot of the societies have appointed staff surveyors, and whilst some know the area, the one's that come in from Chester or Shrewsbury to value really do not have a clue. They are the ones that come into your office and pick your brains. I must say I get fed up with it, and say sorry.

Then again the large surveying firms, working on panels send surveyors in.

**So it's not particularly staff valuers then?**

No, it's <\*\*\*> as well.

**Do you find they down value or do they over value?**

Down value, they always err on the side of caution. They use a caution method.

**So with this caution method what do they down value on? Is there anything in particular?**

They just knock 10% off because they don't know what they are doing. If there are defects or something like that then fair enough. If they aren't happy with the condition and knock it down 10%, that's fair. However, take a property, it has got damp, needs some repairs, say around £2,000 of work. We will have the local knowledge and be able to put our head on the line and say, actually we know it sold for £86,000, it is worth £86,000 at present, but after repairs is worth £88,000. And an out of town valuer would never do that; they will never go above that figure. They will take the purchase price and knock down from that. Only the local surveyor will know if the purchase price reflects the condition.



**When you do your valuations do you have the sale price?**

Yes, all the time, and we will check it with the owner.

**How much of an impact does that have?**

It's your benchmark isn't it? But when you have done the inspection you stand back and look. You have your figure, and the comparables, still stand back, and look at the sale price, it's your most recent evidence. I had one, it was sold for £64,000, was at £64,950 because of all the extras, and he wanted it valued at £60,000, and conveyed it at £60,000 because of stamp duty.

**In terms of your evidence what comparables do you use?**

Start with a database, most of us have our own system, and then you ring your mates.

**Anyone in particular?**

Mostly friends. If I'm around and see estate agents boards I pop in and ask what they have sold.

**Are estate agents more useful than valuers?**

No, speaking to valuers is more useful. They will tell you what that one sold for, and what was wrong with it.

**Would you talk to valuers involved in estate agency?**

I'll speak to valuers who are in agency as they have seen sales. With estate agents, they are always looking to try and achieve something, so they are bucking the market, whereas with a surveyor it's what he did last week, the week before, and they have looked at the house as well.

**Are there specific factors in the area, which you know of, that someone from outside would not?**

Yes, we seem to know all the timber framed properties, the non-conventional types, whereas outside firms may not and get caught out. There are the land titles, things like

that. Knowing what flooded, and what didn't. We know where mining is, and where there isn't. There is also radon.

**In terms of the mortgage valuation do you find it's a case of looking for the defects, rather than the valuation itself?**

Well defects are reflected in value, and you have to put in a figure to reflect the cost of the defects. I think it's going more and more to see if the price is right for what they are paying.

Yes, but they will still sue you if something isn't right. They don't want to know till something goes wrong.

They also don't want any retention items under certain figures.

**So do you find there is pressure from lenders?**

Yes, especially from branch level, you don't have much pressure from regional. It's not direct pressure, it's implicit, it's the way their manuals are set up and the way you write it.

That's right, you won't make a retention unless it's over a certain sum, though it might still be a significant defect, but they're not going to tell them anyway.

**In terms of panel valuations are there any limits placed on the distance you travel?**

Whenever I was trained I was always told 20 miles, It's what the RICS guidelines say.

But the Red Book doesn't cover that; it doesn't mention distance.

I thought it did?

There are postcodes, in which you can only work within your postcode area. But it is a mixture. But you get times where they can't find anyone to value in a certain area, so they will ask you, even though it's not your particular area. The furthest I did was Welshpool and then I had to spend half a day doing what I did now, that is the worst I have done. But I would say 90% of mine are within 5 miles of the office.

I'd go about 20 miles; I would go to Llandudno, but no further than Connah's Quay.

In my position, we have got three offices, and if we opened up one in Holyhead, then I'd be happy doing surveys in Holyhead. In the past I did two days work a week in Connah's Quay, and so I became an expert there, simply because I had a lot of work there.

If a panel said we want you to work in Anglesey, you will work in Anglesey and become an expert there.

**So how long would you say it takes to get to know an area?**

It's two things really, it's not just values, but also knowing the area. The real easy part is our home patch, where we were brought up, and we know a lot about the estates as well. There is a level to do a valuation, and a level to do it really well. <\*\*\*> would not be negligent in doing one in Connah's Quay, but in Rhyl he'd be spot on. You see, you know the area so you don't get caught out. You could do a valuation 25-30 miles away, still do the valuation, but you might get caught out on something.

**Do you find that even in your area you have got to watch your back?**

Yes, there is always something you don't know; you just spend a bit more time. The chances are you have been to it before, done one next door or in the street round the corner.

**In terms of the area you work in, would you divide it up in anyway?**

Obviously you have different markets in different towns, but not much else beyond that.

**But when you select evidence do you look at your area then and you know where you are going to draw on?**

Yes I think you do, you do split it up. If you are looking in a particular area, I will pick as close to it as I can.

You have to compare like with like and in a similar area. There is no point in comparing a house in Colwyn Bay to one in Rhyl, because the market is totally different. You have to compare a house in Colwyn Bay with another in Colwyn Bay.

But we don't make that choice, the buyers who instruct do.

**So there are lots of separate markets?**

Yes, there are roads within towns, that's what we tend to learn.

**So even at street level there can be differences?**

Yes. The classic is in Llandudno Junction, and in this street in a couple of yards the values drop by £20,000, literally, and someone from outside the area wouldn't know about that.

**How would you define local knowledge?**

It's expert knowledge isn't it? Experience, and expert knowledge. They may have expert knowledge in their own area, but not in our area. They can't possibly know our area like we do. There is nothing like experience.

If we all worked for a firm in Birmingham, we could all go and work in Birmingham, but what then you would have to adjust, and it would take say six months to find your feet.

If you became an expert in an area you should pack it in, because you are always learning. There must be scales, in the more time you spend in an area the more expert you become.

**So to start off, it takes longer to do the valuation?**

Yes, of course.

**So do you acquire local knowledge from practice?**

Yes, but if you live in an area it helps, you know the area, you know the railway lines down the back of the street. There is nothing better than if you buy a house in an area, you do become expert then.

I once worked in Warrington, and when I started couldn't afford anything in Warrington, so bought in an estate, on the edge of Runcorn, it looked a pretty estate, but what a mistake that was. Had I known what I did after living there three months and worked in that area I would never have bought there.

**Would you say you could transport your knowledge of surveys between areas?**

There is knowledge of areas and knowledge of buildings. But you would take your knowledge of buildings wherever. But with comparables you can take that, you have a feel for the differences between a detached and a semi-detached property, and then apply that to local quirks, there are certain issues like black ash mortar, mining.

The thing with coming from outside and knowing your area, is if you know the area, you know where it is. Someone, say coming in from Chester would have to look at their street map and find where it is, and that makes a big difference. If you have to look at a street map you obviously don't know the area that well.

When we go to a house, we know what it's worth, and when you go around you narrow that figure down. As soon as you get an instruction through you do a database check, you have five comparables, all £60,000, and you know it's going to be £60,000.

I do it the other way round. I always select after the inspection in the office, I think most of us do.

**So when you do a valuation in your area it saves you time, say you go to a property, and you know that the one down the road sold?**

You might have sold it previously, many of times.

**So the further you go the more the cost and time, limits how far you travel?**

We see guys coming in from Manchester or Warrington, but we would never go that way, it wouldn't feel right, we don't have the knowledge.

**Do you find that people, if they come from say London or a more affluent area they will pay more?**

Yes, definitely, they do.

**And do you down value in those cases?**

If the price is unrealistic yes, but sometimes the asking price is realistic.

But then some people they come in and think, North Wales, oh property is really cheap here, so you do get the opposite. For example with holiday homes, I'll have a little cottage in Wales; I'll pay £25,000 for that when it's really worth £50,000.

But you can have someone come from London, pay too much for something.

**Do you get agents who will over value property?**

I think lots do it. Most of us do it to an extent.

But you can get it the other way, some agents will sell properties cheap, <\*\*\*> he sells a lot of cheap stuff, maybe it's because they are getting repossessions work, banging out a lot of stuff cheap as you want to sell quick.

I find there are certain agents and I ask for a comparable and they are always £5,000 less than someone else is.

But there is the vendor as well, if they want a price and you want the instruction, and you may get someone from London and get that price.

**So when you value you are aware of this?**

Yes, but I won't say oh, because it's <\*\*\*> I'll always adjust it, you will value it.

**Do you find some agents, as they are in competition they will try and upset the valuation?**

I know some of the more national firms; certain ones won't do instructions from certain other firms. But we always ring each other, you know if you mess somebody about it's going to come back and get you.

**So you know each other?**

Yes, we have no axe to grind.

Some of valuers down value and don't give a reason. If I were to down value then I'd ring up the agent before and say I've got this, have you got any comparables to support your figure, and sometimes they can't come up with anything, or say well yes we agree with you, so you put in the lower figure.

If I'm down valuing because of defects then I generally won't ring up, but for other reasons I will. I will do a reasonable job; I will not knock it for any reason, and will not let one go for no reason.

The worst ones are the new builds. Say it's agreed at £60,000 and you find you could get a second hand property down the road for cheaper. If there are three on the site that have sold at £60,000 then you have to put it in at that price, but if it's the first one you are setting a benchmark, that is the problem.

The RICS will tell you there is no difference between new and old, but I would suggest it's 10% easy, people will definitely pay more for a new house.

I went to do a re-sale of a property on a new estate and all the comparables for the re-sale were £3,000 less than when they were new.

**Appendix 9.**

**Raw Data Collected from Valuation Study.**



**Initial Groupings**

|    | Group | Value (£) | Range     |           | Time | Comparable |   |   | Properties Available |   |   |    |
|----|-------|-----------|-----------|-----------|------|------------|---|---|----------------------|---|---|----|
|    |       |           | Lower (£) | Upper (£) |      | 1          | 2 | 3 | 1                    | 2 | 3 |    |
| 1  | L     | 85,000    | -         | -         | 2    | -          | - | - | -                    | - | - | -  |
| 2  | NL    | 82,000    | 80,000    | 82,000    | 15   | 1          | - | - | -                    | - | 3 | 8  |
| 3  | L     | 80,000    | 80,000    | 85,000    | 10   | 1          | - | - | -                    | - | 5 | 8  |
| 4  | L     | 78,000    | -         | -         | 10   | 1          | - | - | -                    | - | 5 | 8  |
| 5  | L     | 81,000    | -         | -         | 3    | 1          | - | - | -                    | - | 5 | 8  |
| 6  | NL    | 85,000    | 85,000    | 90,000    | 5    | 1          | - | - | -                    | - | 8 | -  |
| 7  | L     | 82,000    | -         | -         | 15   | 1          | - | - | -                    | - | 5 | -  |
| 8  | L     | 85,000    | -         | -         | 10   | 1          | - | - | -                    | - | 3 | 5  |
| 9  | NL    | 74,000    | -         | -         | 12   | 1          | - | - | -                    | - | 5 | 10 |
| 10 | NL    | 75,000    | -         | -         | 13   | 1          | - | - | -                    | - | 3 | 5  |
| 11 | NL    | 77,000    | 75,000    | 80,000    | 17   | 1          | - | - | -                    | - | 8 | -  |
| 12 | NL    | 80,000    | 70,000    | 85,000    | 15   | 1          | 8 | - | -                    | - | 5 | 8  |
| 13 | NL    | 81,000    | 70,000    | 85,000    | 10   | 1          | - | - | -                    | - | 8 | -  |
| 14 | L     | 85,000    | 80,000    | 85,000    | 7    | 1          | - | - | -                    | - | 3 | 5  |
| 15 | NL    | 75,000    | 72,500    | 77,500    | 6    | 1          | 7 | - | -                    | - | - | -  |
| 16 | L     | 80,000    | 70,000    | 80,000    | 7    | 1          | - | - | -                    | - | 8 | -  |
| 17 | L     | 75,000    | 65,000    | 80,000    | 10   | 1          | - | - | -                    | - | 5 | 8  |
| 18 | NL    | 75,000    | 75,000    | 80,000    | 11   | 1          | - | - | -                    | - | 5 | 8  |
| 19 | L     | 90,000    | 85,000    | 90,000    | 7    | -          | - | - | -                    | - | 8 | -  |
| 20 | NL    | 75,000    | 70,000    | 80,000    | 25   | 1          | 7 | 9 | -                    | - | 2 | 3  |
| 21 | NL    | 82,000    | 78,000    | 85,000    | 28   | 1          | - | - | -                    | - | 8 | -  |
| 22 | NL    | 68,000    | 68,000    | 71,000    | 29   | 9          | - | - | -                    | - | 2 | 6  |
| 23 | NL    | 66,500    | 62,500    | 68,000    | 31   | 7          | 9 | - | -                    | - | 1 | 6  |
| 24 | NL    | 82,500    | 80,000    | 85,000    | 31   | 1          | 2 | 6 | -                    | - | 8 | 13 |
| 25 | NL    | 84,000    | 80,000    | 88,000    | 35   | 1          | - | - | -                    | - | 5 | 8  |

**Alternative Groupings**

|    | Group | Value (£) | Range     |           | Time | Comparable |   |   | Properties Available |   |   |    |    |
|----|-------|-----------|-----------|-----------|------|------------|---|---|----------------------|---|---|----|----|
|    |       |           | Lower (£) | Upper (£) |      | 1          | 2 | 3 | 1                    | 2 | 3 |    |    |
| 1  | L     | 85,000    | -         | -         | 2    | -          | - | - | -                    | - | - | -  | -  |
| 2  | L     | 82,000    | 80,000    | 82,000    | 15   | 1          | - | - | -                    | - | 3 | 8  | -  |
| 3  | L     | 80,000    | 80,000    | 85,000    | 10   | 1          | - | - | -                    | - | 5 | 8  | -  |
| 4  | L     | 78,000    | -         | -         | 10   | 1          | - | - | -                    | - | 5 | 8  | -  |
| 5  | L     | 81,000    | -         | -         | 3    | 1          | - | - | -                    | - | 5 | 8  | -  |
| 6  | L     | 85,000    | 85,000    | 90,000    | 5    | 1          | - | - | -                    | - | 8 | -  | -  |
| 7  | L     | 82,000    | -         | -         | 15   | 1          | - | - | -                    | - | 5 | -  | -  |
| 8  | L     | 85,000    | -         | -         | 10   | 1          | - | - | -                    | - | 3 | 5  | 8  |
| 9  | NL    | 74,000    | -         | -         | 12   | 1          | - | - | -                    | - | 5 | 10 | -  |
| 10 | NL    | 75,000    | -         | -         | 13   | 1          | - | - | -                    | - | 3 | 5  | 8  |
| 11 | NL    | 77,000    | 75,000    | 80,000    | 17   | 1          | - | - | -                    | - | 8 | -  | -  |
| 12 | NL    | 80,000    | 70,000    | 85,000    | 15   | 1          | 8 | - | -                    | - | 5 | 8  | 10 |
| 13 | NL    | 81,000    | 70,000    | 85,000    | 10   | 1          | - | - | -                    | - | 8 | -  | -  |
| 14 | L     | 85,000    | 80,000    | 85,000    | 7    | 1          | - | - | -                    | - | 3 | 5  | 8  |
| 15 | NL    | 75,000    | 72,500    | 77,500    | 6    | 1          | 7 | - | -                    | - | - | -  | -  |
| 16 | L     | 80,000    | 70,000    | 80,000    | 7    | 1          | - | - | -                    | - | 8 | -  | -  |
| 17 | L     | 75,000    | 65,000    | 80,000    | 10   | 1          | - | - | -                    | - | 5 | 8  | -  |
| 18 | L     | 75,000    | 75,000    | 80,000    | 11   | 1          | - | - | -                    | - | 5 | 8  | -  |
| 19 | L     | 90,000    | 85,000    | 90,000    | 7    | -          | - | - | -                    | - | 8 | -  | -  |
| 20 | NL    | 75,000    | 70,000    | 80,000    | 25   | 1          | 7 | 9 | -                    | - | 2 | 3  | -  |
| 21 | NL    | 82,000    | 78,000    | 85,000    | 28   | 1          | - | - | -                    | - | 8 | -  | -  |
| 22 | NL    | 68,000    | 68,000    | 71,000    | 29   | 9          | - | - | -                    | - | 2 | 6  | 12 |
| 23 | NL    | 66,500    | 62,500    | 68,000    | 31   | 7          | 9 | - | -                    | - | 1 | 6  | 12 |
| 24 | NL    | 82,500    | 80,000    | 85,000    | 31   | 1          | 2 | 6 | -                    | - | 8 | 13 | -  |
| 25 | NL    | 84,000    | 80,000    | 88,000    | 35   | 1          | - | - | -                    | - | 5 | 8  | -  |

## **Key to Tables**

### **Group:**

L = Local; NL = Non-Local; N = Novice

### **Comparables:**

1 = 1 Ty Gwn Road; 2 = 8 Common Road; 6 = Rockingstone Cottages;  
7 = Mackintosh Road; 8 = Rockingstone Terrace; 9 = Plas-y-Fedwen.

### **Property Available:**

1 = The Avenue; 2 = Dynea Close; 3= 69 Merthyr Road; 5 = 3 Hilltop Crescent;  
8 = 18 Pencoed Avenue; 10 = Ty Newydd; 12 = Bryn Aur; 13 = Glyntaff Road

**Student Groupings**

|    | Group | Value (£) | Range     |           | Time | Properties Selected |    |    |    |    |    |
|----|-------|-----------|-----------|-----------|------|---------------------|----|----|----|----|----|
|    |       |           | Lower (£) | Upper (£) |      | 1                   | 2  | 3  | 4  | 5  | 6  |
| 1  | N     | 76,000    | 51,000    | 89,500    | 41   | 7                   | 3  | 9  | 12 | 14 | -  |
| 2  | N     | 82,000    | 65,995    | 89,500    | 41   | 7                   | 12 | 14 | -  | -  | -  |
| 3  | N     | 65,000    | 62,000    | 68,000    | 39   | 17                  | 18 | 7  | 12 | 15 | -  |
| 4  | N     | 83,000    | 73,950    | 89,500    | 38   | 17                  | 14 | -  | -  | -  | -  |
| 5  | N     | 77,500    | 76,000    | 79,000    | 38   | 1                   | 17 | 18 | -  | -  | -  |
| 6  | N     | 90,000    | 85,500    | 92,000    | 38   | 1                   | 14 | 17 | -  | -  | -  |
| 7  | N     | 70,000    | 60,000    | 80,000    | 38   | 2                   | 14 | 17 | 18 | -  | -  |
| 8  | N     | 74,000    | 72,000    | 76,000    | 37   | 1                   | 14 | 12 | -  | -  | -  |
| 9  | N     | 63,000    | 60,000    | 65,000    | 36   | 2                   | 3  | 7  | 15 | 21 | 18 |
| 10 | N     | 69,000    | 64,000    | 72,000    | 36   | 17                  | 15 | 8  | 12 | 14 | 21 |
| 11 | N     | 68,500    | 67,000    | 73,000    | 35   | 9                   | 7  | 2  | 17 | 19 | 12 |
| 12 | N     | 72,000    | 69,000    | 75,000    | 35   | 2                   | 3  | 7  | 14 | 19 | 17 |
| 13 | N     | 62,000    | 58,000    | 66,000    | 34   | 9                   | 3  | 17 | 15 | 11 | -  |
| 14 | N     | 75,000    | 73,000    | 76,950    | 34   | 8                   | 1  | 12 | 17 | 14 | 19 |
| 15 | N     | 68,500    | 64,000    | 72,000    | 34   | 7                   | 9  | 2  | 17 | 15 | 21 |
| 16 | N     | 81,000    | 78,000    | 83,000    | 33   | 1                   | 6  | 7  | 17 | 14 | 12 |
| 17 | N     | 66,500    | 65,000    | 68,000    | 31   | 7                   | 9  | 3  | 12 | 15 | 21 |
| 18 | N     | 80,000    | 77,000    | 83,000    | 30   | 1                   | 7  | 3  | 17 | 14 | 12 |

## **Key to Tables**

### **Group:**

L = Local; NL = Non-Local; N = Novice

### **Comparables:**

1 = 1 Ty Gwn Road; 2 = 8 Common Road; 3 = 10 Common Road; 4 = 32 Moorland Heights; 5 = 30 Moorland Heights; 6 = Rockingstone Cottages; 7 = Mackintosh Road; 8 = Rockingstone Terrace; 9 = Plas-y-Fedwen.

### **Property Available:**

10 = 2 The Avenue; 11 = 23 Dynea Close; 12 = 69 Merthyr Road; 13 = 47 The Avenue; 14 = 3 Hilltop Crescent; 15 = 22 Heol-ty-Maen; 16 = Graig-yr-Helfa farm; 17 = 18 Pencoed Avenue; 18 = Ridgeway Close; 19 = Ty Newydd; 20 = High Corner; 21 = Bryn Aur; 22 = Glyntaff Road

**Appendix 10.**

**Output From Statistical Tests for Valuation Study.**

## NPar Tests

### Mann-Whitney Test - Hypothesis 1a

Ranks

| Geographic Familiararity |           | N  | Mean Rank | Sum of Ranks |
|--------------------------|-----------|----|-----------|--------------|
| Value                    | Local     | 10 | 16.40     | 164.00       |
|                          | non-local | 15 | 10.73     | 161.00       |
|                          | Total     | 25 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 41.000            |
| Wilcoxon W                     | 161.000           |
| Z                              | -1.900            |
| Asymp. Sig. (2-tailed)         | .057              |
| Exact Sig. [2*(1-tailed Sig.)] | .062 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiararity

## NPar Tests

### Mann-Whitney Test - Hypothesis 1b

Ranks

| Geographic Familiararity |                      | N  | Mean Rank | Sum of Ranks |
|--------------------------|----------------------|----|-----------|--------------|
| Value                    | Local                | 10 | 20.40     | 204.00       |
|                          | non local non expert | 18 | 11.22     | 202.00       |
|                          | Total                | 28 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 31.000            |
| Wilcoxon W                     | 202.000           |
| Z                              | -2.834            |
| Asymp. Sig. (2-tailed)         | .005              |
| Exact Sig. [2*(1-tailed Sig.)] | .004 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiararity

## NPar Tests

### Mann-Whitney Test - Hypothesis 1c

Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Value                  | non-local            | 15 | 20.00     | 300.00       |
|                        | non local non expert | 18 | 14.50     | 261.00       |
|                        | Total                | 33 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 90.000            |
| Wilcoxon W                     | 261.000           |
| Z                              | -1.631            |
| Asymp. Sig. (2-tailed)         | .103              |
| Exact Sig. [2*(1-tailed Sig.)] | .108 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 2a

Ranks

| Geographic Familiarity |           | N  | Mean Rank | Sum of Ranks |
|------------------------|-----------|----|-----------|--------------|
| Time to Value          | Local     | 10 | 7.80      | 78.00        |
|                        | non-local | 15 | 16.47     | 247.00       |
|                        | Total     | 25 |           |              |

Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 23.000            |
| Wilcoxon W                     | 78.000            |
| Z                              | -2.901            |
| Asymp. Sig. (2-tailed)         | .004              |
| Exact Sig. [2*(1-tailed Sig.)] | .003 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity



## NPar Tests

### Mann-Whitney Test - Hypothesis 2b

#### Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Time to Value          | Local                | 10 | 5.50      | 55.00        |
|                        | non local non expert | 18 | 19.50     | 351.00       |
|                        | Total                | 28 |           |              |

#### Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | .000              |
| Wilcoxon W                     | 55.000            |
| Z                              | -4.334            |
| Asymp. Sig. (2-tailed)         | .000              |
| Exact Sig. [2*(1-tailed Sig.)] | .000 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 2c

#### Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Time to Value          | non-local            | 15 | 8.67      | 130.00       |
|                        | non local non expert | 18 | 23.94     | 431.00       |
|                        | Total                | 33 |           |              |

#### Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 10.000            |
| Wilcoxon W                     | 130.000           |
| Z                              | -4.529            |
| Asymp. Sig. (2-tailed)         | .000              |
| Exact Sig. [2*(1-tailed Sig.)] | .000 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 1a (alt)

Ranks

| Geographic Familiarity |           | N  | Mean Rank | Sum of Ranks |
|------------------------|-----------|----|-----------|--------------|
| Value                  | Local     | 13 | 16.12     | 209.50       |
|                        | non-local | 12 | 9.63      | 115.50       |
|                        | Total     | 25 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 37.500            |
| Wilcoxon W                     | 115.500           |
| Z                              | -2.220            |
| Asymp. Sig. (2-tailed)         | .026              |
| Exact Sig. [2*(1-tailed Sig.)] | .026 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 1b (alt)

Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Value                  | Local                | 13 | 21.77     | 283.00       |
|                        | non local non expert | 18 | 11.83     | 213.00       |
|                        | Total                | 31 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 42.000            |
| Wilcoxon W                     | 213.000           |
| Z                              | -3.010            |
| Asymp. Sig. (2-tailed)         | .003              |
| Exact Sig. [2*(1-tailed Sig.)] | .002 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 1c (alt)

Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Value                  | non-local            | 12 | 17.92     | 215.00       |
|                        | non local non expert | 18 | 13.89     | 250.00       |
|                        | Total                | 30 |           |              |

Test Statistics<sup>b</sup>

|                                | Value             |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 79.000            |
| Wilcoxon W                     | 250.000           |
| Z                              | -1.230            |
| Asymp. Sig. (2-tailed)         | .219              |
| Exact Sig. [2*(1-tailed Sig.)] | .232 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 2a (alt)

Ranks

| Geographic Familiarity |           | N  | Mean Rank | Sum of Ranks |
|------------------------|-----------|----|-----------|--------------|
| Time to Value          | Local     | 13 | 8.54      | 111.00       |
|                        | non-local | 12 | 17.83     | 214.00       |
|                        | Total     | 25 |           |              |

Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 20.000            |
| Wilcoxon W                     | 111.000           |
| Z                              | -3.173            |
| Asymp. Sig. (2-tailed)         | .002              |
| Exact Sig. [2*(1-tailed Sig.)] | .001 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 2b (alt)

#### Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Time to Value          | Local                | 13 | 7.00      | 91.00        |
|                        | non local non expert | 18 | 22.50     | 405.00       |
|                        | Total                | 31 |           |              |

#### Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | .000              |
| Wilcoxon W                     | 91.000            |
| Z                              | -4.699            |
| Asymp. Sig. (2-tailed)         | .000              |
| Exact Sig. [2*(1-tailed Sig.)] | .000 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

## NPar Tests

### Mann-Whitney Test - Hypothesis 2c (alt)

#### Ranks

| Geographic Familiarity |                      | N  | Mean Rank | Sum of Ranks |
|------------------------|----------------------|----|-----------|--------------|
| Time to Value          | non-local            | 12 | 7.33      | 88.00        |
|                        | non local non expert | 18 | 20.94     | 377.00       |
|                        | Total                | 30 |           |              |

#### Test Statistics<sup>b</sup>

|                                | Time to Value     |
|--------------------------------|-------------------|
| Mann-Whitney U                 | 10.000            |
| Wilcoxon W                     | 88.000            |
| Z                              | -4.160            |
| Asymp. Sig. (2-tailed)         | .000              |
| Exact Sig. [2*(1-tailed Sig.)] | .000 <sup>a</sup> |

a. Not corrected for ties.

b. Grouping Variable: Geographic Familiarity

**Appendix 11.**

**Analysis of Questionnaire Responses.**

## Frequencies

### Statistics

Area of agents

|   |         |    |
|---|---------|----|
| N | Valid   | 62 |
|   | Missing | 0  |

### Area of agents

|             | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Valid Wales | 26        | 41.9    | 41.9          | 41.9               |
| England     | 36        | 58.1    | 58.1          | 100.0              |
| Total       | 62        | 100.0   | 100.0         |                    |

## Frequencies

### Statistics

Length at current practice

|                    |         |                |
|--------------------|---------|----------------|
| N                  | Valid   | 62             |
|                    | Missing | 0              |
| Mean               |         | 17.00          |
| Std. Error of Mean |         | 1.40           |
| Median             |         | 15.50          |
| Mode               |         | 8 <sup>a</sup> |
| Std. Deviation     |         | 11.02          |
| Variance           |         | 121.38         |
| Range              |         | 40             |
| Minimum            |         | 0              |
| Maximum            |         | 40             |
| Sum                |         | 1054           |

a. Multiple modes exist. The smallest value is shown

**Length at current practice**

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 0     | 1         | 1.6     | 1.6           | 1.6                |
|       | 1     | 1         | 1.6     | 1.6           | 3.2                |
|       | 2     | 2         | 3.2     | 3.2           | 6.5                |
|       | 4     | 3         | 4.8     | 4.8           | 11.3               |
|       | 5     | 3         | 4.8     | 4.8           | 16.1               |
|       | 6     | 1         | 1.6     | 1.6           | 17.7               |
|       | 7     | 3         | 4.8     | 4.8           | 22.6               |
|       | 8     | 4         | 6.5     | 6.5           | 29.0               |
|       | 9     | 4         | 6.5     | 6.5           | 35.5               |
|       | 10    | 1         | 1.6     | 1.6           | 37.1               |
|       | 11    | 1         | 1.6     | 1.6           | 38.7               |
|       | 12    | 1         | 1.6     | 1.6           | 40.3               |
|       | 13    | 3         | 4.8     | 4.8           | 45.2               |
|       | 14    | 2         | 3.2     | 3.2           | 48.4               |
|       | 15    | 1         | 1.6     | 1.6           | 50.0               |
|       | 16    | 2         | 3.2     | 3.2           | 53.2               |
|       | 17    | 1         | 1.6     | 1.6           | 54.8               |
|       | 18    | 1         | 1.6     | 1.6           | 56.5               |
|       | 19    | 1         | 1.6     | 1.6           | 58.1               |
|       | 20    | 3         | 4.8     | 4.8           | 62.9               |
|       | 21    | 4         | 6.5     | 6.5           | 69.4               |
|       | 22    | 1         | 1.6     | 1.6           | 71.0               |
|       | 23    | 1         | 1.6     | 1.6           | 72.6               |
|       | 25    | 3         | 4.8     | 4.8           | 77.4               |
|       | 26    | 1         | 1.6     | 1.6           | 79.0               |
|       | 27    | 1         | 1.6     | 1.6           | 80.6               |
|       | 29    | 2         | 3.2     | 3.2           | 83.9               |
|       | 30    | 3         | 4.8     | 4.8           | 88.7               |
|       | 31    | 1         | 1.6     | 1.6           | 90.3               |
|       | 33    | 1         | 1.6     | 1.6           | 91.9               |
|       | 38    | 1         | 1.6     | 1.6           | 93.5               |
|       | 39    | 1         | 1.6     | 1.6           | 95.2               |
|       | 40    | 3         | 4.8     | 4.8           | 100.0              |
|       | Total | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Other values in practice

|   |         |    |
|---|---------|----|
| N | Valid   | 61 |
|   | Missing | 1  |

## Other values in practice

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 17        | 27.4    | 27.9          | 27.9               |
|         | Yes    | 44        | 71.0    | 72.1          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |



# Frequencies

## Statistics

If yes to 3, How many

|                    |         |       |
|--------------------|---------|-------|
| N                  | Valid   | 44    |
|                    | Missing | 18    |
| Mean               |         | 4.39  |
| Std. Error of Mean |         | .75   |
| Median             |         | 2.00  |
| Mode               |         | 2     |
| Std. Deviation     |         | 4.99  |
| Variance           |         | 24.94 |
| Range              |         | 19    |
| Minimum            |         | 1     |
| Maximum            |         | 20    |
| Sum                |         | 193   |

If yes to 3, How many

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 11        | 17.7    | 25.0          | 25.0               |
|         | 2      | 16        | 25.8    | 36.4          | 61.4               |
|         | 3      | 3         | 4.8     | 6.8           | 68.2               |
|         | 4      | 2         | 3.2     | 4.5           | 72.7               |
|         | 5      | 3         | 4.8     | 6.8           | 79.5               |
|         | 8      | 1         | 1.6     | 2.3           | 81.8               |
|         | 9      | 1         | 1.6     | 2.3           | 84.1               |
|         | 10     | 2         | 3.2     | 4.5           | 88.6               |
|         | 12     | 1         | 1.6     | 2.3           | 90.9               |
|         | 14     | 1         | 1.6     | 2.3           | 93.2               |
|         | 15     | 1         | 1.6     | 2.3           | 95.5               |
|         | 20     | 2         | 3.2     | 4.5           | 100.0              |
|         | Total  | 44        | 71.0    | 100.0         |                    |
| Missing | System | 18        | 29.0    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Have database of property values

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 60   |
|                    | Missing | 2    |
| Mean               |         | 4.33 |
| Std. Error of Mean |         | .12  |
| Median             |         | 5.00 |
| Mode               |         | 5    |
| Std. Deviation     |         | .93  |
| Variance           |         | .87  |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 260  |

## Have database of property values

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 1         | 1.6     | 1.7           | 1.7                |
|         | 2      | 2         | 3.2     | 3.3           | 5.0                |
|         | 3      | 7         | 11.3    | 11.7          | 16.7               |
|         | 4      | 16        | 25.8    | 26.7          | 43.3               |
|         | 5      | 34        | 54.8    | 56.7          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Aware of demand for property

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 61       |
|                    | Missing | 1        |
| Mean               |         | 4.69     |
| Std. Error of Mean |         | 6.83E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .53      |
| Variance           |         | .28      |
| Range              |         | 2        |
| Minimum            |         | 3        |
| Maximum            |         | 5        |
| Sum                |         | 286      |

## Aware of demand for property

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 3      | 2         | 3.2     | 3.3           | 3.3                |
|         | 4      | 15        | 24.2    | 24.6          | 27.9               |
|         | 5      | 44        | 71.0    | 72.1          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Know neighbourhoods and facilities

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 62       |
|                    | Missing | 0        |
| Mean               |         | 4.74     |
| Std. Error of Mean |         | 5.60E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .44      |
| Variance           |         | .19      |
| Range              |         | 1        |
| Minimum            |         | 4        |
| Maximum            |         | 5        |
| Sum                |         | 294      |

## Know neighbourhoods and facilities

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 4 | 16        | 25.8    | 25.8          | 25.8               |
| 5       | 46        | 74.2    | 74.2          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Know of variations in prices between sub areas

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 62       |
|                    | Missing | 0        |
| Mean               |         | 4.81     |
| Std. Error of Mean |         | 5.56E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .44      |
| Variance           |         | .19      |
| Range              |         | 2        |
| Minimum            |         | 3        |
| Maximum            |         | 5        |
| Sum                |         | 298      |

Know of variations in prices between sub areas

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 3 | 1         | 1.6     | 1.6           | 1.6                |
| 4       | 10        | 16.1    | 16.1          | 17.7               |
| 5       | 51        | 82.3    | 82.3          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Know local house price movements

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 62       |
|                    | Missing | 0        |
| Mean               |         | 4.71     |
| Std. Error of Mean |         | 6.25E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .49      |
| Variance           |         | .24      |
| Range              |         | 2        |
| Minimum            |         | 3        |
| Maximum            |         | 5        |
| Sum                |         | 292      |

## Know local house price movements

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 3 | 1         | 1.6     | 1.6           | 1.6                |
| 4       | 16        | 25.8    | 25.8          | 27.4               |
| 5       | 45        | 72.6    | 72.6          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Know local geological influences

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 62   |
|                    | Missing | 0    |
| Mean               |         | 3.74 |
| Std. Error of Mean |         | .14  |
| Median             |         | 4.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.07 |
| Variance           |         | 1.15 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 232  |

## Know local geological influences

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 1 | 1         | 1.6     | 1.6           | 1.6                |
| 2       | 6         | 9.7     | 9.7           | 11.3               |
| 3       | 21        | 33.9    | 33.9          | 45.2               |
| 4       | 14        | 22.6    | 22.6          | 67.7               |
| 5       | 20        | 32.3    | 32.3          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Aware of current plans and developments

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 62       |
|                    | Missing | 0        |
| Mean               |         | 4.24     |
| Std. Error of Mean |         | 9.94E-02 |
| Median             |         | 4.00     |
| Mode               |         | 4        |
| Std. Deviation     |         | .78      |
| Variance           |         | .61      |
| Range              |         | 3        |
| Minimum            |         | 2        |
| Maximum            |         | 5        |
| Sum                |         | 263      |

## Aware of current plans and developments

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 2 | 2         | 3.2     | 3.2           | 3.2                |
| 3       | 7         | 11.3    | 11.3          | 14.5               |
| 4       | 27        | 43.5    | 43.5          | 58.1               |
| 5       | 26        | 41.9    | 41.9          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |



# Frequencies

## Statistics

Aware of local schooling

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 62   |
|                    | Missing | 0    |
| Mean               |         | 3.68 |
| Std. Error of Mean |         | .11  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | .88  |
| Variance           |         | .78  |
| Range              |         | 3    |
| Minimum            |         | 2    |
| Maximum            |         | 5    |
| Sum                |         | 228  |

## Aware of local schooling

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 2 | 5         | 8.1     | 8.1           | 8.1                |
| 3       | 22        | 35.5    | 35.5          | 43.5               |
| 4       | 23        | 37.1    | 37.1          | 80.6               |
| 5       | 12        | 19.4    | 19.4          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Aware of poor users and contamination

|                    |         |                |
|--------------------|---------|----------------|
| N                  | Valid   | 62             |
|                    | Missing | 0              |
| Mean               |         | 3.90           |
| Std. Error of Mean |         | .14            |
| Median             |         | 4.00           |
| Mode               |         | 4 <sup>a</sup> |
| Std. Deviation     |         | 1.07           |
| Variance           |         | 1.14           |
| Range              |         | 3              |
| Minimum            |         | 2              |
| Maximum            |         | 5              |
| Sum                |         | 242            |

a. Multiple modes exist. The smallest value is shown

## Aware of poor users and contamination

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 2 | 10        | 16.1    | 16.1          | 16.1               |
| 3       | 8         | 12.9    | 12.9          | 29.0               |
| 4       | 22        | 35.5    | 35.5          | 64.5               |
| 5       | 22        | 35.5    | 35.5          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Aware of anticipated closures

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 61   |
|                    | Missing | 1    |
| Mean               |         | 3.38 |
| Std. Error of Mean |         | .14  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.13 |
| Variance           |         | 1.27 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 206  |

## Aware of anticipated closures

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 5         | 8.1     | 8.2           | 8.2                |
|         | 2      | 6         | 9.7     | 9.8           | 18.0               |
|         | 3      | 21        | 33.9    | 34.4          | 52.5               |
|         | 4      | 19        | 30.6    | 31.1          | 83.6               |
|         | 5      | 10        | 16.1    | 16.4          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Aware of financial incentives

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 62   |
|                    | Missing | 0    |
| Mean               |         | 3.08 |
| Std. Error of Mean |         | .15  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.21 |
| Variance           |         | 1.45 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 191  |

## Aware of financial incentives

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 1 | 6         | 9.7     | 9.7           | 9.7                |
| 2       | 14        | 22.6    | 22.6          | 32.3               |
| 3       | 21        | 33.9    | 33.9          | 66.1               |
| 4       | 11        | 17.7    | 17.7          | 83.9               |
| 5       | 10        | 16.1    | 16.1          | 100.0              |
| Total   | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Established contact with local agents/valuers

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 61   |
|                    | Missing | 1    |
| Mean               |         | 4.20 |
| Std. Error of Mean |         | .13  |
| Median             |         | 4.00 |
| Mode               |         | 5    |
| Std. Deviation     |         | 1.01 |
| Variance           |         | 1.03 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 256  |

## Established contact with local agents/valuers

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 2         | 3.2     | 3.3           | 3.3                |
|         | 2      | 2         | 3.2     | 3.3           | 6.6                |
|         | 3      | 8         | 12.9    | 13.1          | 19.7               |
|         | 4      | 19        | 30.6    | 31.1          | 50.8               |
|         | 5      | 30        | 48.4    | 49.2          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Would you value outside your area

|   |         |    |
|---|---------|----|
| N | Valid   | 60 |
|   | Missing | 2  |

### Would you value outside your area

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 33        | 53.2    | 55.0          | 55.0               |
|         | Yes    | 27        | 43.5    | 45.0          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Own valuation records

|   |         |    |
|---|---------|----|
| N | Valid   | 61 |
|   | Missing | 1  |

### Monitor - Own valuation records

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | Yes    | 61        | 98.4    | 100.0         | 100.0              |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Own valuation records

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 59       |
|                    | Missing | 3        |
| Mean               |         | 4.85     |
| Std. Error of Mean |         | 5.30E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .41      |
| Variance           |         | .17      |
| Range              |         | 2        |
| Minimum            |         | 3        |
| Maximum            |         | 5        |
| Sum                |         | 286      |

### Level of importance - Own valuation records

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 3      | 1         | 1.6     | 1.7           | 1.7                |
|         | 4      | 7         | 11.3    | 11.9          | 13.6               |
|         | 5      | 51        | 82.3    | 86.4          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Other practitioners records

|   |         |    |
|---|---------|----|
| N | Valid   | 59 |
|   | Missing | 3  |

### Monitor - Other practitioners records

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 25        | 40.3    | 42.4          | 42.4               |
|         | Yes    | 34        | 54.8    | 57.6          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Other practitioners records

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 48   |
|                    | Missing | 14   |
| Mean               |         | 3.73 |
| Std. Error of Mean |         | .16  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | 1.11 |
| Variance           |         | 1.22 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 179  |

### Level of importance - Other practitioners records

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 2         | 3.2     | 4.2           | 4.2                |
|         | 2      | 4         | 6.5     | 8.3           | 12.5               |
|         | 3      | 13        | 21.0    | 27.1          | 39.6               |
|         | 4      | 15        | 24.2    | 31.3          | 70.8               |
|         | 5      | 14        | 22.6    | 29.2          | 100.0              |
|         | Total  | 48        | 77.4    | 100.0         |                    |
| Missing | System | 14        | 22.6    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |



# Frequencies

## Statistics

Monitor - House price indices

|   |         |    |
|---|---------|----|
| N | Valid   | 59 |
|   | Missing | 3  |

### Monitor - House price indices

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 13        | 21.0    | 22.0          | 22.0               |
|         | Yes    | 46        | 74.2    | 78.0          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - House price indices

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 52   |
|                    | Missing | 10   |
| Mean               |         | 3.27 |
| Std. Error of Mean |         | .17  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.22 |
| Variance           |         | 1.49 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 170  |

### Level of importance - House price indices

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 6         | 9.7     | 11.5          | 11.5               |
|         | 2      | 6         | 9.7     | 11.5          | 23.1               |
|         | 3      | 17        | 27.4    | 32.7          | 55.8               |
|         | 4      | 14        | 22.6    | 26.9          | 82.7               |
|         | 5      | 9         | 14.5    | 17.3          | 100.0              |
|         | Total  | 52        | 83.9    | 100.0         |                    |
| Missing | System | 10        | 16.1    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Local press

|   |         |    |
|---|---------|----|
| N | Valid   | 61 |
|   | Missing | 1  |

### Monitor - Local press

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 2         | 3.2     | 3.3           | 3.3                |
|         | Yes    | 59        | 95.2    | 96.7          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Local press

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 59   |
|                    | Missing | 3    |
| Mean               |         | 3.88 |
| Std. Error of Mean |         | .12  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | .93  |
| Variance           |         | .86  |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 229  |

### Level of importance - Local press

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 1         | 1.6     | 1.7           | 1.7                |
|         | 2      | 2         | 3.2     | 3.4           | 5.1                |
|         | 3      | 17        | 27.4    | 28.8          | 33.9               |
|         | 4      | 22        | 35.5    | 37.3          | 71.2               |
|         | 5      | 17        | 27.4    | 28.8          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Other agents' (estate) details

|   |         |    |
|---|---------|----|
| N | Valid   | 61 |
|   | Missing | 1  |

### Monitor - Other agents' (estate) details

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 8         | 12.9    | 13.1          | 13.1               |
|         | Yes    | 53        | 85.5    | 86.9          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Other agents' (estate) details

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 57   |
|                    | Missing | 5    |
| Mean               |         | 3.89 |
| Std. Error of Mean |         | .13  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | .96  |
| Variance           |         | .92  |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 222  |

### Level of importance - Other agents' (estate) details

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 1         | 1.6     | 1.8           | 1.8                |
|         | 2      | 2         | 3.2     | 3.5           | 5.3                |
|         | 3      | 17        | 27.4    | 29.8          | 35.1               |
|         | 4      | 19        | 30.6    | 33.3          | 68.4               |
|         | 5      | 18        | 29.0    | 31.6          | 100.0              |
|         | Total  | 57        | 91.9    | 100.0         |                    |
| Missing | System | 5         | 8.1     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Maket levels (in house)

|   |         |    |
|---|---------|----|
| N | Valid   | 61 |
|   | Missing | 1  |

### Monitor - Maket levels (in house)

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 4         | 6.5     | 6.6           | 6.6                |
|         | Yes    | 57        | 91.9    | 93.4          | 100.0              |
|         | Total  | 61        | 98.4    | 100.0         |                    |
| Missing | System | 1         | 1.6     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - In house market levels

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 59   |
|                    | Missing | 3    |
| Mean               |         | 4.51 |
| Std. Error of Mean |         | .12  |
| Median             |         | 5.00 |
| Mode               |         | 5    |
| Std. Deviation     |         | .92  |
| Variance           |         | .84  |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 266  |

### Level of importance - In house market levels

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 2         | 3.2     | 3.4           | 3.4                |
|         | 2      | 1         | 1.6     | 1.7           | 5.1                |
|         | 3      | 2         | 3.2     | 3.4           | 8.5                |
|         | 4      | 14        | 22.6    | 23.7          | 32.2               |
|         | 5      | 40        | 64.5    | 67.8          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Market levels (external)

|   |         |    |
|---|---------|----|
| N | Valid   | 60 |
|   | Missing | 2  |

### Monitor - Market levels (external)

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 9         | 14.5    | 15.0          | 15.0               |
|         | Yes    | 51        | 82.3    | 85.0          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - External market levels

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 57   |
|                    | Missing | 5    |
| Mean               |         | 3.77 |
| Std. Error of Mean |         | .14  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | 1.04 |
| Variance           |         | 1.07 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 215  |

### Level of importance - External market levels

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 2         | 3.2     | 3.5           | 3.5                |
|         | 2      | 4         | 6.5     | 7.0           | 10.5               |
|         | 3      | 14        | 22.6    | 24.6          | 35.1               |
|         | 4      | 22        | 35.5    | 38.6          | 73.7               |
|         | 5      | 15        | 24.2    | 26.3          | 100.0              |
|         | Total  | 57        | 91.9    | 100.0         |                    |
| Missing | System | 5         | 8.1     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Economic Data

|   |         |    |
|---|---------|----|
| N | Valid   | 59 |
|   | Missing | 3  |

### Monitor - Economic Data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 30        | 48.4    | 50.8          | 50.8               |
|         | Yes    | 29        | 46.8    | 49.2          | 100.0              |
|         | Total  | 59        | 95.2    | 100.0         |                    |
| Missing | System | 3         | 4.8     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Economic data

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 46   |
|                    | Missing | 16   |
| Mean               |         | 2.87 |
| Std. Error of Mean |         | .17  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.17 |
| Variance           |         | 1.36 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 132  |

### Level of importance - Economic data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 6         | 9.7     | 13.0          | 13.0               |
|         | 2      | 11        | 17.7    | 23.9          | 37.0               |
|         | 3      | 17        | 27.4    | 37.0          | 73.9               |
|         | 4      | 7         | 11.3    | 15.2          | 89.1               |
|         | 5      | 5         | 8.1     | 10.9          | 100.0              |
|         | Total  | 46        | 74.2    | 100.0         |                    |
| Missing | System | 16        | 25.8    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Inward Investment

|   |         |    |
|---|---------|----|
| N | Valid   | 57 |
|   | Missing | 5  |

### Monitor - Inward Investment

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 36        | 58.1    | 63.2          | 63.2               |
|         | Yes    | 21        | 33.9    | 36.8          | 100.0              |
|         | Total  | 57        | 91.9    | 100.0         |                    |
| Missing | System | 5         | 8.1     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Inward Investment

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 43   |
|                    | Missing | 19   |
| Mean               |         | 2.81 |
| Std. Error of Mean |         | .17  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.12 |
| Variance           |         | 1.25 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 121  |

### Level of importance - Inward Investment

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 6         | 9.7     | 14.0          | 14.0               |
|         | 2      | 10        | 16.1    | 23.3          | 37.2               |
|         | 3      | 16        | 25.8    | 37.2          | 74.4               |
|         | 4      | 8         | 12.9    | 18.6          | 93.0               |
|         | 5      | 3         | 4.8     | 7.0           | 100.0              |
|         | Total  | 43        | 69.4    | 100.0         |                    |
| Missing | System | 19        | 30.6    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Planning Proposals

|   |         |    |
|---|---------|----|
| N | Valid   | 60 |
|   | Missing | 2  |

### Monitor - Planning Proposals

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 4         | 6.5     | 6.7           | 6.7                |
|         | Yes    | 56        | 90.3    | 93.3          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Planning proposals

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 56   |
|                    | Missing | 6    |
| Mean               |         | 3.86 |
| Std. Error of Mean |         | .11  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | .84  |
| Variance           |         | .71  |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 216  |

### Level of importance - Planning proposals

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 1         | 1.6     | 1.8           | 1.8                |
|         | 2      | 1         | 1.6     | 1.8           | 3.6                |
|         | 3      | 15        | 24.2    | 26.8          | 30.4               |
|         | 4      | 27        | 43.5    | 48.2          | 78.6               |
|         | 5      | 12        | 19.4    | 21.4          | 100.0              |
|         | Total  | 56        | 90.3    | 100.0         |                    |
| Missing | System | 6         | 9.7     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |



# Frequencies

## Statistics

Monitor - Demographic Data

|   |         |    |
|---|---------|----|
| N | Valid   | 56 |
|   | Missing | 6  |

### Monitor - Demographic Data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 37        | 59.7    | 66.1          | 66.1               |
|         | Yes    | 19        | 30.6    | 33.9          | 100.0              |
|         | Total  | 56        | 90.3    | 100.0         |                    |
| Missing | System | 6         | 9.7     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - demographic data

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 39   |
|                    | Missing | 23   |
| Mean               |         | 2.87 |
| Std. Error of Mean |         | .18  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.10 |
| Variance           |         | 1.22 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 112  |

### Level of importance - demographic data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 5         | 8.1     | 12.8          | 12.8               |
|         | 2      | 8         | 12.9    | 20.5          | 33.3               |
|         | 3      | 16        | 25.8    | 41.0          | 74.4               |
|         | 4      | 7         | 11.3    | 17.9          | 92.3               |
|         | 5      | 3         | 4.8     | 7.7           | 100.0              |
|         | Total  | 39        | 62.9    | 100.0         |                    |
| Missing | System | 23        | 37.1    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Geological data

|   |         |    |
|---|---------|----|
| N | Valid   | 58 |
|   | Missing | 4  |

### Monitor - Geological data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 33        | 53.2    | 56.9          | 56.9               |
|         | Yes    | 25        | 40.3    | 43.1          | 100.0              |
|         | Total  | 58        | 93.5    | 100.0         |                    |
| Missing | System | 4         | 6.5     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - geological data

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 41   |
|                    | Missing | 21   |
| Mean               |         | 3.05 |
| Std. Error of Mean |         | .19  |
| Median             |         | 3.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.24 |
| Variance           |         | 1.55 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 125  |

### Level of importance - geological data

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 7         | 11.3    | 17.1          | 17.1               |
|         | 2      | 4         | 6.5     | 9.8           | 26.8               |
|         | 3      | 15        | 24.2    | 36.6          | 63.4               |
|         | 4      | 10        | 16.1    | 24.4          | 87.8               |
|         | 5      | 5         | 8.1     | 12.2          | 100.0              |
|         | Total  | 41        | 66.1    | 100.0         |                    |
| Missing | System | 21        | 33.9    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Nuisances

|   |         |    |
|---|---------|----|
| N | Valid   | 56 |
|   | Missing | 6  |

### Monitor - Nuisances

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 17        | 27.4    | 30.4          | 30.4               |
|         | Yes    | 39        | 62.9    | 69.6          | 100.0              |
|         | Total  | 56        | 90.3    | 100.0         |                    |
| Missing | System | 6         | 9.7     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importnace - Nuisances

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 49   |
|                    | Missing | 13   |
| Mean               |         | 3.53 |
| Std. Error of Mean |         | .15  |
| Median             |         | 4.00 |
| Mode               |         | 3    |
| Std. Deviation     |         | 1.02 |
| Variance           |         | 1.05 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 173  |

### Level of importnace - Nuisances

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 2         | 3.2     | 4.1           | 4.1                |
|         | 2      | 4         | 6.5     | 8.2           | 12.2               |
|         | 3      | 18        | 29.0    | 36.7          | 49.0               |
|         | 4      | 16        | 25.8    | 32.7          | 81.6               |
|         | 5      | 9         | 14.5    | 18.4          | 100.0              |
|         | Total  | 49        | 79.0    | 100.0         |                    |
| Missing | System | 13        | 21.0    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Achieved Prices

|   |         |    |
|---|---------|----|
| N | Valid   | 60 |
|   | Missing | 2  |

## Monitor - Achieved Prices

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | Yes    | 60        | 96.8    | 100.0         | 100.0              |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - Achieved prices

|                    |         |          |
|--------------------|---------|----------|
| N                  | Valid   | 60       |
|                    | Missing | 2        |
| Mean               |         | 4.80     |
| Std. Error of Mean |         | 5.72E-02 |
| Median             |         | 5.00     |
| Mode               |         | 5        |
| Std. Deviation     |         | .44      |
| Variance           |         | .20      |
| Range              |         | 2        |
| Minimum            |         | 3        |
| Maximum            |         | 5        |
| Sum                |         | 288      |

## Level of importance - Achieved prices

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 3      | 1         | 1.6     | 1.7           | 1.7                |
|         | 4      | 10        | 16.1    | 16.7          | 18.3               |
|         | 5      | 49        | 79.0    | 81.7          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Monitor - Professional Journals

|   |         |    |
|---|---------|----|
| N | Valid   | 60 |
|   | Missing | 2  |

### Monitor - Professional Journals

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 9         | 14.5    | 15.0          | 15.0               |
|         | Yes    | 51        | 82.3    | 85.0          | 100.0              |
|         | Total  | 60        | 96.8    | 100.0         |                    |
| Missing | System | 2         | 3.2     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Statistics

Level of importance - professional journals

|                    |         |      |
|--------------------|---------|------|
| N                  | Valid   | 54   |
|                    | Missing | 8    |
| Mean               |         | 3.46 |
| Std. Error of Mean |         | .14  |
| Median             |         | 4.00 |
| Mode               |         | 4    |
| Std. Deviation     |         | 1.02 |
| Variance           |         | 1.05 |
| Range              |         | 4    |
| Minimum            |         | 1    |
| Maximum            |         | 5    |
| Sum                |         | 187  |

### Level of importance - professional journals

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 1      | 1         | 1.6     | 1.9           | 1.9                |
|         | 2      | 10        | 16.1    | 18.5          | 20.4               |
|         | 3      | 14        | 22.6    | 25.9          | 46.3               |
|         | 4      | 21        | 33.9    | 38.9          | 85.2               |
|         | 5      | 8         | 12.9    | 14.8          | 100.0              |
|         | Total  | 54        | 87.1    | 100.0         |                    |
| Missing | System | 8         | 12.9    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Length of time to know area

|                    |         |         |
|--------------------|---------|---------|
| N                  | Valid   | 59      |
|                    | Missing | 3       |
| Mean               |         | 31.76   |
| Std. Error of Mean |         | 5.02    |
| Median             |         | 24.00   |
| Mode               |         | 24      |
| Std. Deviation     |         | 38.55   |
| Variance           |         | 1486.25 |
| Range              |         | 240     |
| Minimum            |         | 0       |
| Maximum            |         | 240     |
| Sum                |         | 1874    |

Length of time to know area

|       |         | Frequency | Percent | Valid Percent | Cumulative Percent |  |
|-------|---------|-----------|---------|---------------|--------------------|--|
| Valid | 0       | 1         | 1.6     | 1.7           | 1.7                |  |
|       | 5       | 1         | 1.6     | 1.7           | 3.4                |  |
|       | 6       | 9         | 14.5    | 15.3          | 18.6               |  |
|       | 12      | 12        | 19.4    | 20.3          | 39.0               |  |
|       | 15      | 1         | 1.6     | 1.7           | 40.7               |  |
|       | 18      | 1         | 1.6     | 1.7           | 42.4               |  |
|       | 24      | 16        | 25.8    | 27.1          | 69.5               |  |
|       | 30      | 3         | 4.8     | 5.1           | 74.6               |  |
|       | 36      | 4         | 6.5     | 6.8           | 81.4               |  |
|       | 60      | 7         | 11.3    | 11.9          | 93.2               |  |
|       | 120     | 3         | 4.8     | 5.1           | 98.3               |  |
|       | 240     | 1         | 1.6     | 1.7           | 100.0              |  |
|       | Total   |           | 59      | 95.2          | 100.0              |  |
|       | Missing | System    | 3       | 4.8           |                    |  |
| Total |         | 62        | 100.0   |               |                    |  |

# Frequencies

## Statistics

|                    |         | Professional Education - Professional practice | Professional education - Local knowledge |
|--------------------|---------|--|--|
| N                  | Valid   | 62   | 62                                       |
|                    | Missing | 0  | 0  |
| Mean               |         | 2.56   | 1.71                                     |
| Std. Error of Mean |         | .12  | .13                                      |
| Median             |         | 3.00   | 1.00                                     |
| Mode               |         | 3  | 1  |
| Std. Deviation     |         | .95  | 1.06                                     |
| Variance           |         | .91  | 1.13                                     |
| Range              |         | 3  | 3  |
| Minimum            |         | 1  | 1  |
| Maximum            |         | 4  | 4  |
| Sum                |         | 159  | 106                                      |

### Professional Education - Professional practice

|       |          | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------|-----------|---------|---------------|--------------------|
| Valid | 0%-25%   | 10        | 16.1    | 16.1          | 16.1               |
|       | 25%-50%  | 17        | 27.4    | 27.4          | 43.5               |
|       | 50%-75%  | 25        | 40.3    | 40.3          | 83.9               |
|       | 75%-100% | 10        | 16.1    | 16.1          | 100.0              |
|       | Total    | 62        | 100.0   | 100.0         |                    |

### Professional education - Local knowledge

|       |          | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------|-----------|---------|---------------|--------------------|
| Valid | 0%-25%   | 40        | 64.5    | 64.5          | 64.5               |
|       | 25%-50%  | 6         | 9.7     | 9.7           | 74.2               |
|       | 50%-75%  | 10        | 16.1    | 16.1          | 90.3               |
|       | 75%-100% | 6         | 9.7     | 9.7           | 100.0              |
|       | Total    | 62        | 100.0   | 100.0         |                    |

# Frequencies

## Statistics

Acquire professional knowledge - Professional education

|                    |         |        |
|--------------------|---------|--------|
| N                  | Valid   | 58     |
|                    | Missing | 4      |
| Mean               |         | 35.86  |
| Std. Error of Mean |         | 2.83   |
| Median             |         | 32.50  |
| Mode               |         | 50     |
| Std. Deviation     |         | 21.58  |
| Variance           |         | 465.91 |
| Range              |         | 100    |
| Minimum            |         | 0      |
| Maximum            |         | 100    |
| Sum                |         | 2080   |

Acquire professional knowledge - Professional education

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 0      | 3         | 4.8     | 5.2           | 5.2                |
|         | 5      | 2         | 3.2     | 3.4           | 8.6                |
|         | 10     | 3         | 4.8     | 5.2           | 13.8               |
|         | 15     | 1         | 1.6     | 1.7           | 15.5               |
|         | 20     | 8         | 12.9    | 13.8          | 29.3               |
|         | 25     | 9         | 14.5    | 15.5          | 44.8               |
|         | 30     | 3         | 4.8     | 5.2           | 50.0               |
|         | 35     | 1         | 1.6     | 1.7           | 51.7               |
|         | 40     | 4         | 6.5     | 6.9           | 58.6               |
|         | 50     | 18        | 29.0    | 31.0          | 89.7               |
|         | 55     | 1         | 1.6     | 1.7           | 91.4               |
|         | 60     | 1         | 1.6     | 1.7           | 93.1               |
|         | 70     | 2         | 3.2     | 3.4           | 96.6               |
|         | 100    | 2         | 3.2     | 3.4           | 100.0              |
|         | Total  | 58        | 93.5    | 100.0         |                    |
| Missing | System | 4         | 6.5     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |



# Frequencies

## Statistics

Professional knowledge - Pre-qualification experience

|                    |         |        |
|--------------------|---------|--------|
| N                  | Valid   | 58     |
|                    | Missing | 4      |
| Mean               |         | 15.66  |
| Std. Error of Mean |         | 1.94   |
| Median             |         | 15.00  |
| Mode               |         | 0      |
| Std. Deviation     |         | 14.76  |
| Variance           |         | 217.88 |
| Range              |         | 70     |
| Minimum            |         | 0      |
| Maximum            |         | 70     |
| Sum                |         | 908    |

## Professional knowledge - Pre-qualification experience

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 0      | 16        | 25.8    | 27.6          | 27.6               |
|         | 5      | 2         | 3.2     | 3.4           | 31.0               |
|         | 10     | 9         | 14.5    | 15.5          | 46.6               |
|         | 15     | 3         | 4.8     | 5.2           | 51.7               |
|         | 20     | 13        | 21.0    | 22.4          | 74.1               |
|         | 25     | 7         | 11.3    | 12.1          | 86.2               |
|         | 28     | 1         | 1.6     | 1.7           | 87.9               |
|         | 30     | 3         | 4.8     | 5.2           | 93.1               |
|         | 35     | 1         | 1.6     | 1.7           | 94.8               |
|         | 40     | 1         | 1.6     | 1.7           | 96.6               |
|         | 65     | 1         | 1.6     | 1.7           | 98.3               |
|         | 70     | 1         | 1.6     | 1.7           | 100.0              |
|         |        | Total     | 58      | 93.5          | 100.0              |
| Missing | System | 4         | 6.5     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Professional knowledge - Post-qualification

|                    |         |                 |
|--------------------|---------|-----------------|
| N                  | Valid   | 58              |
|                    | Missing | 4               |
| Mean               |         | 37.52           |
| Std. Error of Mean |         | 2.46            |
| Median             |         | 40.00           |
| Mode               |         | 40 <sup>a</sup> |
| Std. Deviation     |         | 18.71           |
| Variance           |         | 350.22          |
| Range              |         | 85              |
| Minimum            |         | 0               |
| Maximum            |         | 85              |
| Sum                |         | 2176            |

a. Multiple modes exist. The smallest value is shown

## Professional knowledge - Post-qualification

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 0      | 3         | 4.8     | 5.2           | 5.2                |
|         | 10     | 2         | 3.2     | 3.4           | 8.6                |
|         | 15     | 1         | 1.6     | 1.7           | 10.3               |
|         | 20     | 9         | 14.5    | 15.5          | 25.9               |
|         | 25     | 5         | 8.1     | 8.6           | 34.5               |
|         | 30     | 3         | 4.8     | 5.2           | 39.7               |
|         | 32     | 1         | 1.6     | 1.7           | 41.4               |
|         | 35     | 1         | 1.6     | 1.7           | 43.1               |
|         | 40     | 11        | 17.7    | 19.0          | 62.1               |
|         | 45     | 1         | 1.6     | 1.7           | 63.8               |
|         | 49     | 1         | 1.6     | 1.7           | 65.5               |
|         | 50     | 11        | 17.7    | 19.0          | 84.5               |
|         | 55     | 1         | 1.6     | 1.7           | 86.2               |
|         | 60     | 3         | 4.8     | 5.2           | 91.4               |
|         | 65     | 1         | 1.6     | 1.7           | 93.1               |
|         | 70     | 3         | 4.8     | 5.2           | 98.3               |
|         | 85     | 1         | 1.6     | 1.7           | 100.0              |
|         | Total  | 58        | 93.5    | 100.0         |                    |
| Missing | System | 4         | 6.5     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

# Frequencies

## Statistics

Professional knowledge-CPD

|                    |         |       |
|--------------------|---------|-------|
| N                  | Valid   | 58    |
|                    | Missing | 4     |
| Mean               |         | 10.97 |
| Std. Error of Mean |         | 1.18  |
| Median             |         | 10.00 |
| Mode               |         | 10    |
| Std. Deviation     |         | 8.95  |
| Variance           |         | 80.17 |
| Range              |         | 50    |
| Minimum            |         | 0     |
| Maximum            |         | 50    |
| Sum                |         | 636   |

## Professional knowledge-CPD

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | 0      | 8         | 12.9    | 13.8          | 13.8               |
|         | 1      | 1         | 1.6     | 1.7           | 15.5               |
|         | 2      | 1         | 1.6     | 1.7           | 17.2               |
|         | 5      | 8         | 12.9    | 13.8          | 31.0               |
|         | 8      | 1         | 1.6     | 1.7           | 32.8               |
|         | 10     | 24        | 38.7    | 41.4          | 74.1               |
|         | 15     | 2         | 3.2     | 3.4           | 77.6               |
|         | 20     | 7         | 11.3    | 12.1          | 89.7               |
|         | 25     | 5         | 8.1     | 8.6           | 98.3               |
|         | 50     | 1         | 1.6     | 1.7           | 100.0              |
|         | Total  |           | 58      | 93.5          | 100.0              |
| Missing | System | 4         | 6.5     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Frequencies

### Statistics

Degree focus on practice

|   |         |    |
|---|---------|----|
| N | Valid   | 55 |
|   | Missing | 7  |

### Degree focus on practice

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 11        | 17.7    | 20.0          | 20.0               |
|         | Yes    | 44        | 71.0    | 80.0          | 100.0              |
|         | Total  | 55        | 88.7    | 100.0         |                    |
| Missing | System | 7         | 11.3    |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## Frequencies

### Statistics

Sufficient guidance on local knowledge

|   |         |    |
|---|---------|----|
| N | Valid   | 57 |
|   | Missing | 5  |

### Sufficient guidance on local knowledge

|         |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|--------|-----------|---------|---------------|--------------------|
| Valid   | No     | 36        | 58.1    | 63.2          | 63.2               |
|         | Yes    | 21        | 33.9    | 36.8          | 100.0              |
|         | Total  | 57        | 91.9    | 100.0         |                    |
| Missing | System | 5         | 8.1     |               |                    |
| Total   |        | 62        | 100.0   |               |                    |

## **Open Ended Responses**

### **3.1.b. How do you divide area between practitioners**

No specific way.

Work is simply shared out as it comes in.

Geographic - office based; specialisation; partner decides.

Valuation and compulsory purchase; commercial sales, estate agency, general.

2 for residential, one for commercial/ survey.

Depends on each valuers expertise.

By workload.

One does commercial work; one does professional work including mortgage valuations; the other three split the residential valuations - one dealing with top end market; one middle market and one bottom end.

Value of properties.

One residential agency, one residential non-agency, 3 commercial, 4 rental.

Postcode basis.

Type and location.

Equally.

Random.

Partly geographically, part personal contact.

Shared according to workload.

Divided from six offices within the practice.

Residential, agricultural, locality.

Seniority.

Partners deal with everything over 200k. Negotiators/valuers below this mark, although negotiators/valuers have 10 years experience.

Estate agency - residential. Professional valuations - residential and commercial. Surveys - residential and commercial. Commercial estate agency.

Valuations according to size of house and location, coupled with any personal contact gained during years of work.

3 residential valuers - divided according to anticipated price and locality. 6 Commercial valuers.

Each valuers specialises i.e. residential, commercial, agricultural.

I am primarily responsible. Work is allocated to other partner normally on my absence from the office or in high workload situations only.

1 sales, 1 valuations and residential work.

By specialisation.

We have five local survey offices throughout the south east - sub division roughly by postcode.

As it happens. By experience if necessary.

Branch geography - residential agency, survey and valuation, rental/ management.

Whoever is available to carry out work.

Each deals with a separate speciality i.e. residential, agriculture, professional.

Only two partners. I do all the professional work, my partner deals solely with agency. We also overlap at times of need - staff shortages, sickness, holidays etc.

Different specialisms i.e. residential, agricultural, commercial, fine art.

All three cover same area.

Geographic location.

Depending on workload.

1 residential, 1 commercial, 1 development - not area basis.

I do all professional (RICS) valuations and marketing valuations of the expensive properties.

Geographically, workload.

One deals primarily with high priced properties agency/ valuations, one with middle valued properties, agency, one with formal valuations and surveys.

#### **4. Other factors**

Experience, business acumen; Feel for property.

Feel for demand levels (regular purchaser contact).

Personal knowledge; past reputation.

Knowledge of top end of market.

Database (not at present).

Computerised file system used.

Type of construction.

To have some involvement in estate agency.

I do not believe you can value a property accurately without local knowledge.

Allied agency offices giving more up-to-date feedback on prices etc.

Survey "product" knowledge of house types/ designs "local" variations.

Close contact with the market via agency colleagues (no happening so much nowadays).

Less time pressure since time travelling reduces inspection time.



## 5. Why do you practice in the current area?

Uneconomic, too time consuming and lack of sound local knowledge. We do however value commercial property over a wider area.

Historic residence.

Sufficient knowledge.

Historic professional practice.

Office based logical area.

Specialist knowledge of your area is better than general knowledge of a larger area.

Long established in area - experience is good on areas, local knowledge and values.

It is the same area I handle sales.

Need to know local market.

Why do not have any boundaries restricting our area.

Good local knowledge/ experience giving confidence in ones ability.

Because invisible boundaries are formed between neighbouring towns.

Demand led. Other offices deal with other areas.

Profit.

Knowledge and accessibility to an area.

Because we specialise in rural and village houses throughout Monmouthshire and surrounding areas.

Area specialisation considered important.

Valuation work today required a good knowledge of the location - general low profile mortgage work can apply to most areas in Wales and England.

The area is considered an adequate size to cope.

Because it is where my contacts are.

Historically I have always valued in the counties of Glamorgan and Gwent.

Home area.

Estate agency is a localised profession. Local knowledge of factors is important see question 4.

Detailed knowledge of area is diffused as valuation area is increased. Lack of local knowledge outside area covered. A larger area is not viable due to travelling time due to low diversity of work. Distance is less important if several jobs can be carried out at the same time.

Offices at Fishguard and Haverfordwest cover adjacent areas.

You cannot be 2 places at the same time. Feel it better to specialise in a small area.

My local area and own town so detailed knowledge.

We are well known in this area and have great experience with it. Values can change dramatically from area to area - but areas need only be  $\frac{1}{2}$  a mile apart.

We have been established in the area since 1930.

As a single practitioner not able to cover larger areas.

Because specialist knowledge is only possible in a local area.

I was born and bred in this area, and enjoy it for the same reasons as others who live here, close to London but in this green belt.

If it is not possible keep up with the market trends and the points suggested in question 4 over a larger area, and also competition increases.

The present work force is maximised in present area of work.

Hereditary.

Local knowledge is invaluable.

I like living and working in the new forest.

Economics require area specified to be no smaller larger area is not utilised due to extent of knowledge.

I like it. It is really geographically defined, contained.

Influenced by the natural catchment area of the town.

Good suburban base - large commercial centre - better contact base.

Traditional area of operation. Daft question! (I like the pubs) no one else would offer me a job.

Geographical and RICS limits. (low density county).

The whole company covers Northumberland, Cumbria and North Yorkshire areas. Croft office deals with Durham and North Yorks.

Because I like North Yorkshire.

We cover the North West of England from Chester. We have 20 offices around the country.

We cover Plymouth and about 20 miles radius. This is the area we know best and where we have always been professionally based.

We work from a large centralised office - if we extended the area travelling times will be too great.

Practice is within bounds of valuation knowledge - no valuation work undertaken outside area.

It is where I live.

In a more rural environment you need a reasonably large area to develop sufficient work. However, your knowledge of that area must be paramount.

Area covers East Sussex and West Kent.

Travel times and receipt of instructions.

Historic connections.

Geographic locality of own residence.

Historic.

I like the area - have two offices.

## 6.1. Reasons for valuing out of area

Greater research and discussion with local agents/ valuers.

(a) Purpose of valuation; (b) ensuring adequate comparables would be available

Rarely - but obtain good comparable evidence and discuss with local agents. When possible however, would pass to better suited surveyor.

Commercial, only for specific clients. However, would be services of local valuer and make payment for such services.

Obtain local comparables and seek additional information from agents and valuers in the area.

Fee, good local comparables.

The property should be close enough to allow the use of (albeit a reduced amount) of local knowledge.

All in question 4 visit local agents and talk to local valuers, get local newspapers.

As mentioned above it would rely on type of valuation required and if mortgage valuation work skills involved.

Pembrokeshire and Gwynedd would be acceptable as the area is compatible. But not larger towns like Carmarthen, Llanelli and Swansea.

Dependant on the type of property, and if that was my particular expertise - agricultural farms etc.

Only yes if relatively close, similar environment i.e. not Swansea, Llanelli, Brecon etc. Contact local agents to reinforce opinion (got comparables).

How close to an existing area it is. If I am not confident in my knowledge of the area I would not do it.

Often asked by banks and building societies etc. It is not a good idea, but hard to do on the fees. You must phone/ speak to local agents for that area to get good valid comparables etc. You can easily get caught out. Many have been sued.

Allocate the time to gain an in depth knowledge of all relevant factors.

It would involve much more thorough research, local contacts would therefore be essential.

Availability of comparables for the type of type of property being valued. I would do more research into comparables and the local market conditions than necessary in my own area.

But only in the areas I know. I would not value in an area I had no knowledge.

There are times when surveyors cover other offices and back-up database etc. available to them.

Requirements of the client. Distance, ability to acquire comparables. Research local area thoroughly.

Only in exceptional circumstances e.g. all the local valuers have conflicts of interest and we explained to our client over difficulties and reservation. Happens rarely if ever.

The fee payable as research would be required.

Value only by comparison.

Make extensive enquiry to confirm any detail.

Some. Depends on type/ approx. value of property and reason for valuation. Valuations for marketing of smaller/ cheaper properties would be passed onto another agent.

## 6.2. Reasons for valuing only in area

Insufficient knowledge.

It is not possible to become wholly aware of important items in question 4 outside the immediate practice area.

Lack of local knowledge and values.

It is outside my area in which I am specialist.

Risk of negligence - takes too long to obtain comparables.

Apart from investment properties we do not value outside the area. Lack of knowledge of factors in 4.

Lack of time and lack of knowledge in that area.

Local knowledge essential.

Mainly because I am rarely asked.

I have learned from napoleons trip to Moscow.

All local knowledge cannot be assimilated to prepare the report. Some vital component may be over looked or not even considered. Negligent valuations can be sued upon.

Not cost effective. Lack of local knowledge. Poor level of contact for obtaining local knowledge.

No knowledge.

Because of need for local knowledge.

No knowledge of factors mentioned in question 4.

If you are leaving yourself open to criticism the RICS states that valuation abuse should be restricted to an area which you are familiar.

Valuation is reliant upon local knowledge and trends both in the property market values and the economy in general and as such one should become wholly conversant in your own area. Invariably negligence claims against valuer upon a matter of valuation are against valuers carrying out valuations outside their areas.

Insufficient expertise and knowledge.

My area is within approx. 15 miles. I could not value elsewhere accurately.

Area of expertise would not be exceeded additional travelling expenses additional research on values and local knowledge would all demand. Additional time and probably render work non-economic.

Aware of the values and/ or problems of the area.

See above - very great risk of error.

RICS red book & practical time and financial reward considerations.

No comparable evidence.

We would not have the requisite specialist knowledge and would be breaching our professional indemnity insurance rules.

Almost no so will answer. Basically all the reasons ticked in the boxes will refer to local knowledge. Aware also of PI difficulties if challenged.

Not sufficient knowledge.

Would not have sufficient knowledge to value accurately.

A valuer would be totally reliant upon information from other agents and will not be providing the level of service requested by the client.

Lack of knowledge of the area. You cannot not always rely on picking up knowledge from local professionals/ agents.

Time consuming (obtaining comparables and info.), not economic.

Insufficient time to obtain necessary market knowledge.

Professional indemnity, and hopefully sufficient work locally.

Would not have the necessary local knowledge.

## **7. Other factors**

Especially noted radon.



## 11. Reasons on why degree based on practice or not

I am too old to comment.

Valuation should be based primarily on experience.

My knowledge is 20 years old so may be dated. Too much theory, not enough hands on work and practical application.

The school of experience is the best of all.

Reduce theory content and increase practical experience.

Sandwich course more beneficial.

To be of practical use when qualified.

Not qualified to answer as I took a postal course with College of Estate Management.

But how do you send out a load of graduates into practice?

Graduates appear to be taught little of relevance to a modern estate agency practice.

Graduates find it very difficult to apply their studies to real situations.

Practical experience essential.

My limited experience of colleagues degree qualified displayed a lack of practical surveying knowledge.

Degree is important qualification for professional work, but cannot supplement experience.

My qualification was achieved by correspondence course with College of Estate Management. This gave good sound practical experience.

Because of my age I am not able to answer this question.

Simply familiarity.

The basic honours degree should equip students to be useful GP assistants. Specialist economic and social theory is best left to those who want to pursue post graduate studies.

There is a commercial element in the profession and clients expect practical hands-on advice not bogged down by theory.

The degree should concentrate on a rigorous knowledge of theory. Practice requirement should be obtained in the field.

Do many people work by the book rather than use experience.

Not suitable for experience.

At Uni.! A property was simply a calculation nothing else! There is so much more to consider before reaching the correct answer in the real world.

It is my belief that such a course should provide basic professional knowledge which can then be utilised and improved by the employing practice as necessary.

No training like hands on experience.

To prepare graduates more for the real world.

Looking back although it probably would have been harder a course that combined working practice would have been more suitable (apprentice type scenario) however University was great fun and I would not of missed it for the world.

I believe a degree should cover theory in detail with practical application via projects and assignments. Employers must take some training responsibility.

RICS exams are merely a basis for real experience.

Professional expertise and availability can only be obtained out in the business/ professional world on-the-job.

Education should include not only the academic information required but be more informative of the everyday running of the office.

It already is.

It has been our experience that the degrees now seem to be less practical e.g. basic building construction in some cases totally lacking.

Building surveying/ property valuations are a practical discipline. Pure theory is inadequate.

Appropriate knowledge for actual jobs specialisms and modules should be incorporated.

Practice requirements are vital for profile, which is vital for survival.

My degree gave little practical help on how to be a chartered surveyor.

Essential in the real world.

I believe there is no better method of learning your trade than being attached to a company and a qualified valuer/ surveyor of experience. You learn that theory and practice often diverge.

Because many emerge from university ready to learn the business.

It is the individuals choice to specialise in his/her own field following experience gained in practice.

Small firms find it difficult to dedicate a lot of time to a "greedy" graduate. Funding for graduates during the first six months would give small firms a fighting chance of creating employment opportunities.

Where a degree is vocational it should prepare for that vocation.

If you don't know how to put it into practice – change jobs.

Valuation is a practical profession.

### **13. What does local knowledge mean**

Good "hands on" working experience in the agency and valuation fields.

Knowing your market and local trends.

Living and practising locally.

A "feel" for property values, demand and trends. Knowledge of planning matters etc. Knowledge of physical factors - flooding, busy roads, popular villages and so on.

A "hands on" day to day in the community at all levels.

Wide experience on area with regard to housing demand, planning implications, and past performance.

Knowing and practising in the area having first hand knowledge of the market.

Within 15-20 miles of office base. Will depend on your own location, maybe within 5 miles within a conurbation.

An understanding of the area in terms of what has sold; at what price; and when? Comparison of different types of property in relation to that being valued.

Learning the patch from A-Z.

Knowledge of past and present property sales and trends together with "mechanical" knowledge of all factors surrounding the buildings i.e. defective soil, past structural problems, desirability of one area against another etc.

Each surveyor knows his own area of expertise.

Knowledge of property types, values, geographical features , local economy etc.

Demand, prices, types of property, activity within the area, current supply, able to identify prices fluctuations.

Acquisition of information through on-the-job experience.

A cross section of property values - movement and local market affects.

At least two years practical experience.

Good broad knowledge of the area, its properties, its facilities and its people.

Knowing the local geography , recent history and social trends of the area. Also knowledge of people assists in finding relevant information.

Knowing the economic base of an area its population spread and preferences for location of its various facets of real property.

The ability to give a valid opinion of value without recourse to comparables for the particular case in hand.

Detailed knowledge of specific matters especially in an area as this and knowing the reasons for transactions that buck this general trend.

Where local amenities are schools public transport etc. When houses were built - if modern by whom, areas where there is subsidence and overall knowledge.

Day to day working experience in the area.

Intimate knowledge of your patch - past present and proposed. Actually doing regular valuations and sales with that area and being totally in tune with local current trends.

An in depth knowledge of all factors that affect property values and influence effective demand from within and outside the locality.

Being conversant with economic, political, business and environmental issues and of course knowing the housing market and values.

Knowing what will affect purchasers decisions, particularly when the purchasers know the area very well.

Local knowledge is seeing the market place in a specific area reach over a reasonable cycle therefore seeing if this better and worse times, but also having an inside track into the general trends of an area at any one time.

It is a case of self-assessment. Are you confident that you competently value a property in a specific locality.

A full understanding of the influences upon value and the market place in the local area caused by the circumstances prevailing within that area.

Regular and inside knowledge of transactions.

Knowing the sub areas and knowing the inhabitants.

Detailed knowledge of all roads and areas, property types, value patterns, local structures and soil problems, types of local buyers and sellers.

Having a sound grounding in values for the area, being aware of specific condition, geological, employment, schools etc which all have an effect upon values. In the area and being aware of future proposals, planning, environment, schools, shopping etc. Which again would have an effect upon values.

An intimate and detailed understanding of a town or area.

The ability to understand and interpret values with accuracy, over and above that possible by someone from outside that locality.

A thorough overview of the locality in values, price movements, local difficulties, planning etc.

Knowing all the roads, sub areas, advantages and disadvantages of each neighbourhood transport facilities - local schools, shopping, sports, facilities.

Full professional competence. A Litigious world won't accept less. We are held responsible.

Knowing current values and areas/ locality / demand and people.

Intimate knowledge of market trends and local problems / benefits of parts of the region.

A thorough knowledge of the area of practice embracing all the aforementioned points.

I would suggest it means attempting to learn as much as you can about areas, towns, cities, trends, changes etc in order to give a balanced opinion to a client wishing to buy or sell.

Embraces variations in value, geological, demand, planning.

Thorough knowledge of the various areas - street by street - the good the bad, what prices are achieving month by month.

Knowing past/future planning/highway/development proposals past industrial heritage, areas of contamination and knowledge of market past/present.

Aware of history of development of an area, knowledge of building types (e.g. council built housing). Good knowledge of demand and estate agents locally. Local building problems and problem areas within towns.

Knowing the physical and social aspects of an area.

A good understanding of local trends and demands providing an ability to recognise market changes.

Practical awareness.

Understanding a broad range of characteristics and variables.

Knowledge of properties , types of people who reside and what influences them, local facilities.

Demand from buyers, previous sales, areas of blight, knowledge of sub-areas, areas of existing defects, social and economic factors.

Knowing the area and people.

In depth knowledge and experience including history, geography, state of local economy.

## 14. Other comments

I am troubled that you have found it necessary to conduct this survey. The property world has become full of academics. IT whiz kids and large players aiming to achieve maximum publicity. From quoting statistics and projections. Whereas in reality, the greater part of the property market in the UK is very different.

Valuation is an art gained through intelligence and experience. There is no substitution for practical hands on experience.

An interesting and probing questionnaire.

In a country area local knowledge is important as are local contacts. In an urban area not so.

I am pleased you have an interest in this subject. In my opinion the ISVA is a more helpful body than the RICS to the "grass roots" local general practice surveyors that carry the residential responsibilities of the profession. We are running a poor second to the accountants and even the lawyers in professional promotion of our traditional skills. As an employer and a parent of a final year Estate management Student I think things need to be simplified but more thorough.

Also helps to live in the area.

I wish you luck in your PhD, it's a fairly difficult topic you have chosen. For practices operating in this market, to make a reasonable living one has to specialise in an area and therefore in order to give that service you must have a good understanding of this market you trade in.

Valuation is something of an art, not a pure science so they say.

You might look at the way the professional valuers employment surface area has changed over the past 15 years from competent local established partnerships to bank/building society buy-outs in the 80's to the crash of the late 88/89 and the "sell off" and disposals. Many valuers now act more independently than they did when I qualified in 1976 so the partnership disciplines/ knowledge/ experience is absent from many modern set-ups. There are less grey hairs around to guide and assist.

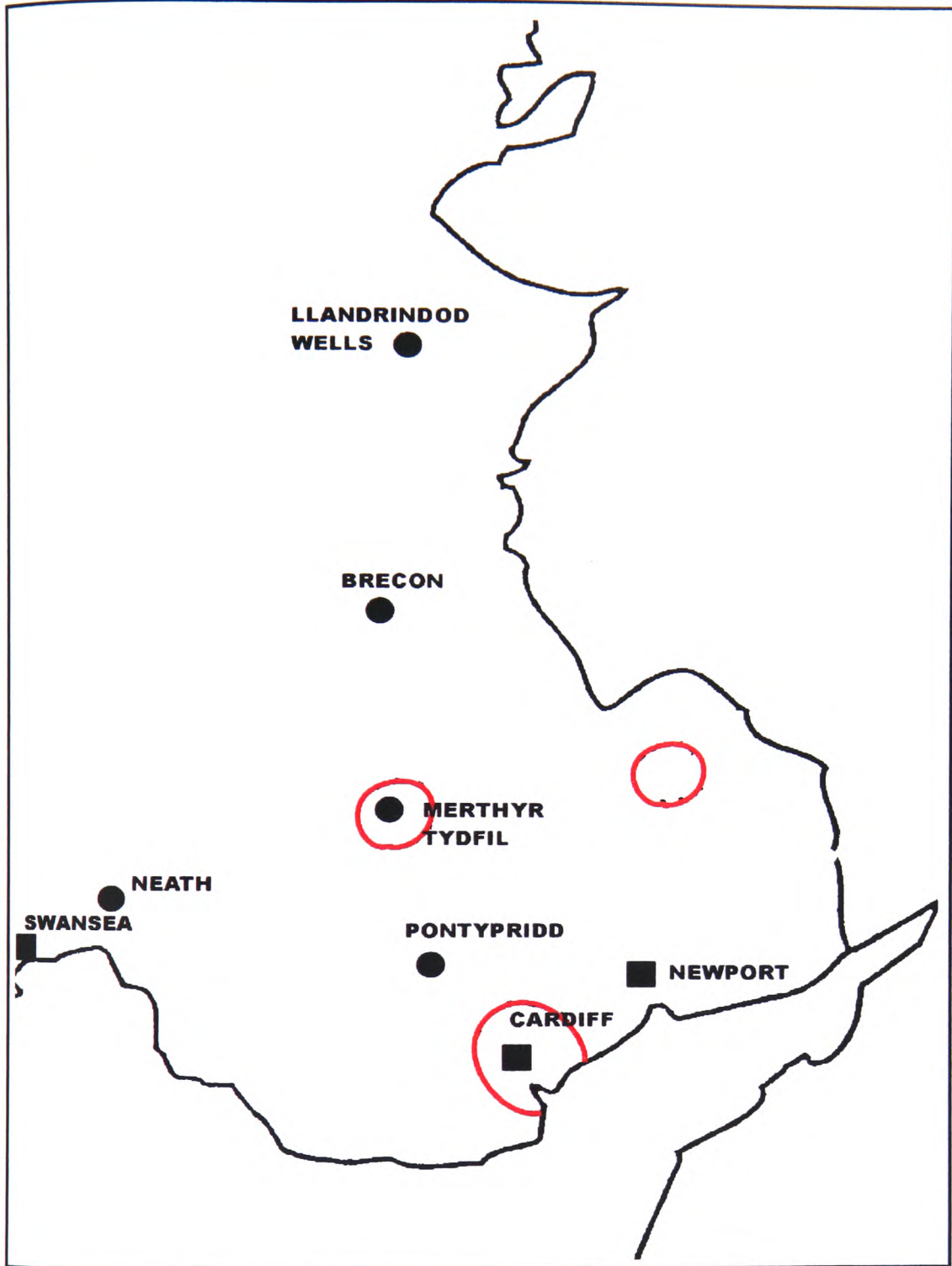
I feel strongly that all practices should run quality assurance systems with regard to valuation/ survey work above and beyond the requirements of the Red Book in order to eliminate valuers undertaking work outside their area, for which they have no specialist knowledge.

Well done in preparing the questionnaire. If you had asked a question on training in firms it might have been useful and found you a job! Having 1-5 is not wise people often tick 3, try 1-6.

Good luck – I suspect the results will be diverse.

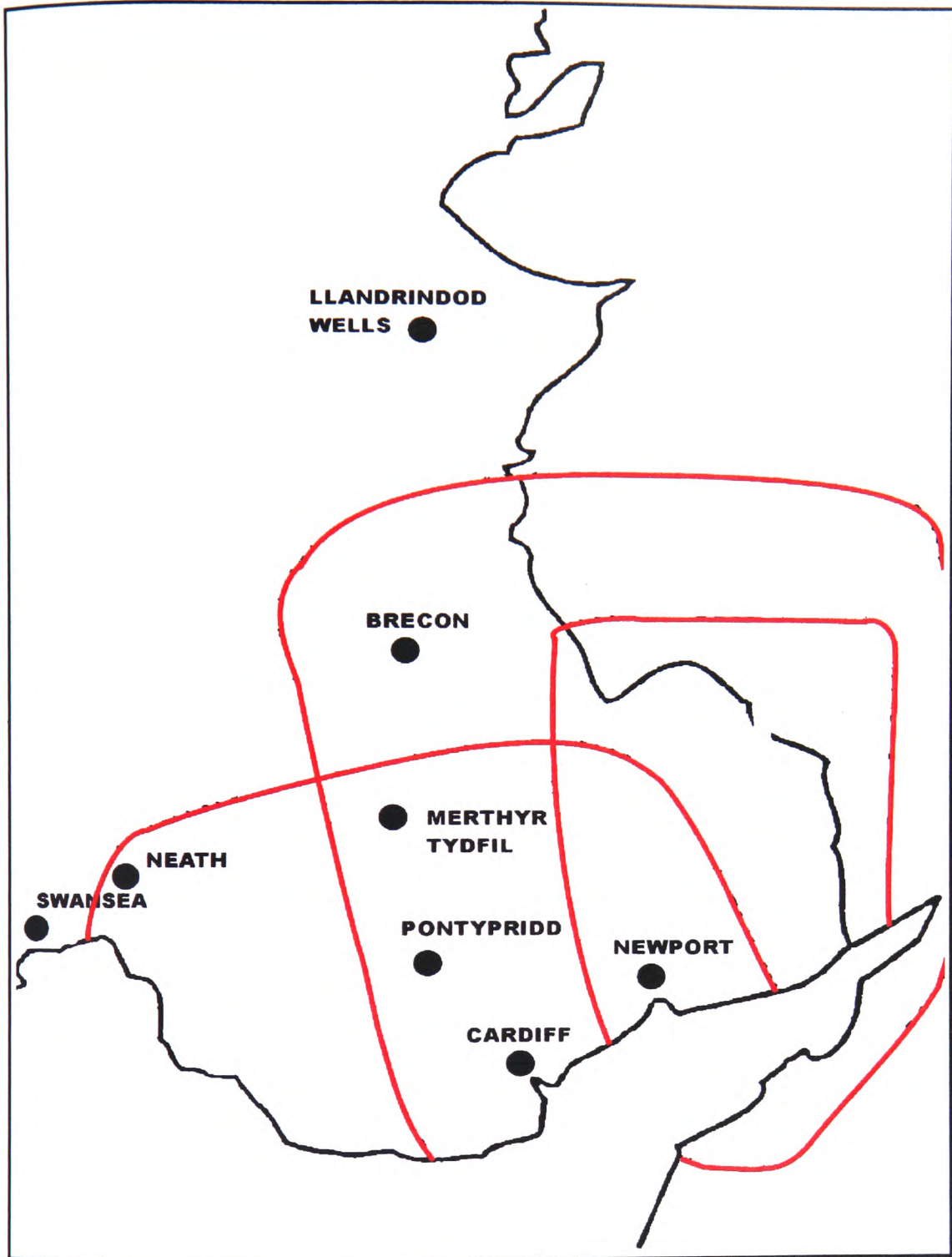
**Appendix 12.**

**Outline of Areas Covered by Practices in Wales.**

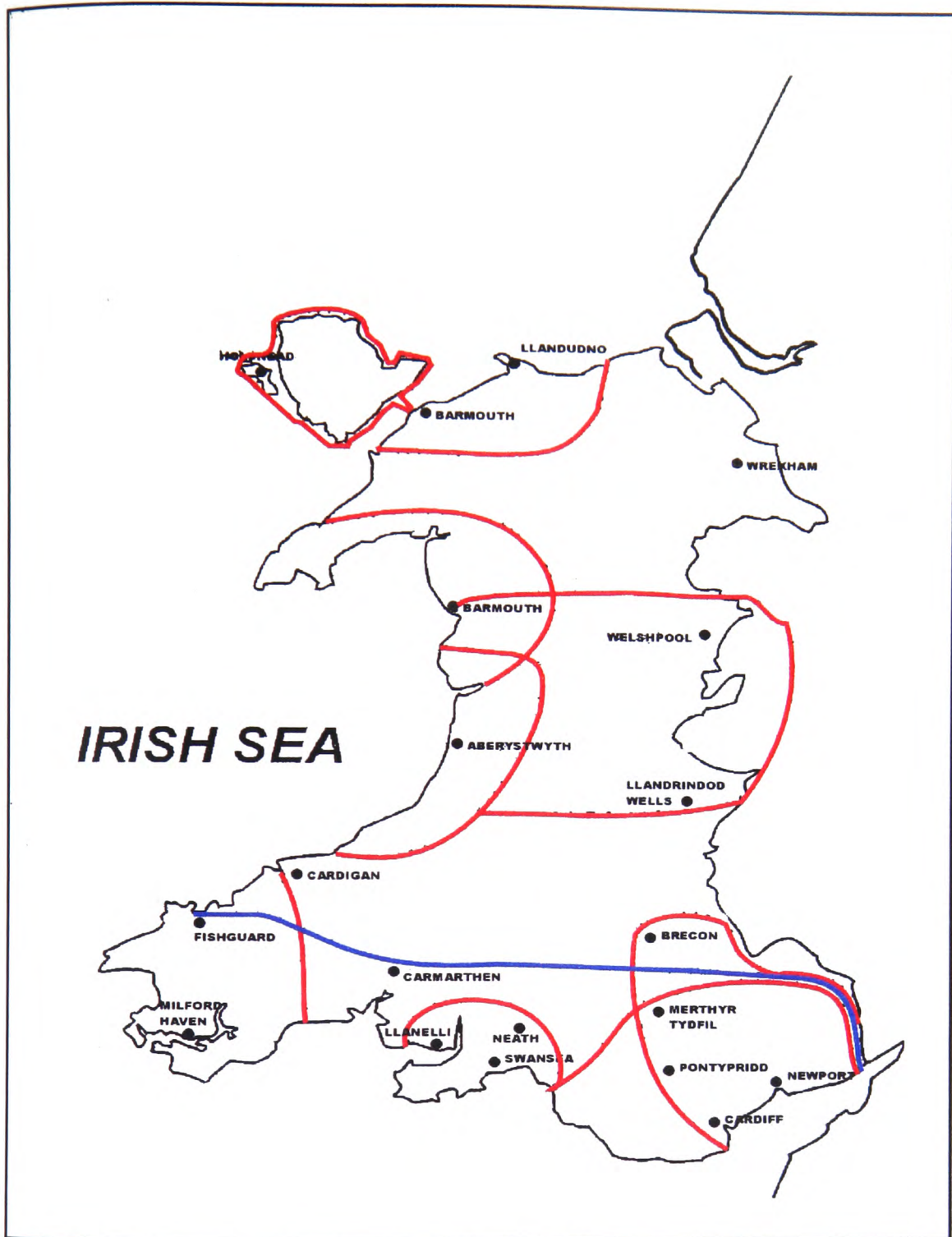


Example of smallest areas covered by valuation practices in South East Wales.





Example of typical areas covered by valuation practices in South East Wales.



Example of areas covered by valuation practices in Wales.

**Appendix 13.**

**Output of Statistical Tests for Questionnaire.**

## NPar Tests

### Wilcoxon Signed Ranks Test

#### Ranks

|   |                | N               | Mean Rank | Sum of Ranks |
|---|----------------|-----------------|-----------|--------------|
| Professional education - Local knowledge - Professional Education - Professional practice | Negative Ranks | 40 <sup>a</sup> | 25.95     | 1038.00      |
|   | Positive Ranks | 11 <sup>b</sup> | 26.18     | 288.00       |
|   | Ties           | 11 <sup>c</sup> |           |              |
|   | Total          | 62              |           |              |

- a. Professional education - Local knowledge < Professional Education - Professional practice  
 b. Professional education - Local knowledge > Professional Education - Professional practice  
 c. Professional Education - Professional practice = Professional education - Local knowledge

#### Test Statistics<sup>b</sup>

|                        |   |
|------------------------|---|
|                        | Professional education - Local knowledge - Professional Education - Professional practice |
| Z                      | -3.568 <sup>a</sup>   |
| Asymp. Sig. (2-tailed) | .000  |

- a. Based on positive ranks.  
 b. Wilcoxon Signed Ranks Test

**Appendix 14.**

**Articles Published During the Research.**

## **PUBLICATIONS ARISING FROM THE RESEARCH**

### **Refereed Journals**

Jenkins, DH, Lewis, OM, Almond, N, Gronow, SA and Ware, JA, 1999, Towards an Intelligent Residential Appraisal Model, *Journal of Property Research*, Vol. 16 (1), 67-90.

### **Research Reports**

Gronow, S A, Ware, J A, Jenkins, D H, Lewis, O M, and Almond, N I, 1996, A Comparative Study of Residential Valuation Techniques and the Development of a House Value Model and Estimation Systems, ESRC End of award report No. RO22250045.

### **Professional Journals**

Almond, N, 1997, Practice Makes Perfect Theory, *Property Week*, 10 October, 21.

Almond, N, Gronow, S and Jenkins, D, 1997, Sound Valuation Evidence?, *The Valuer*, May/June, 24-25.

Almond, N, Gronow, S and Jenkins, D, 1996, Applying IT to Valuation, *The Valuer*, November/ December, 22-23.

### **Conference Papers**

Almond, N, Jenkins, D and Gronow, S, 1998, *Local Knowledge in the Valuation of Residential Property*, RICS Cutting Edge Conference, Leicester, 4-5 September.

Almond, N, Jenkins, D and Gronow, S, 1998, *Development of a Prototype Residential Valuation System*, Proceedings of Fifth International Conference - Computers in Urban Planning and Urban Management, Bombay (16-19 December 1997), Narosa Publishing House, Vol. 1, 204-215.

Almond, N, Lewis, O, Jenkins, D, Gronow, S and Ware, J, 1997, *Intelligent Systems for the Valuation of Residential Property*, RICS Cutting Edge Conference, Dublin, 5-6 September.

Almond, N, Jenkins, D and Gronow, S, 1997, *A Comparative Study of Residential Valuation Techniques in the UK*, Paper presented at the Fourth European Real Estate Society Conference, Berlin, 25-27 June.

### **Editorials**

Almond, N, 1997, Viewpoint - Behaviourism in Valuations, *Property Management*, Vol. 15(1), 3-4.

### **Other Journals and Papers**

Almond, N, Jenkins, D and Gronow, S, 1997, Residential Valuation: Time for Change?, *College of Estate Management Charter Society Newsletter*, Vol. 10(3) December, 3.

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### **Letters**

Jenkins, D and Almond, N, 1998, A Rock and a Hard Place, *CSM*, January, 17.

Almond, N, Gronow, S and Jenkins, D, 1997, Reply to "Sound Evidence", *The Valuer*, July/ August, 3-4.

Almond, N, 1997, Valuation, *CSM*, June, 19.

Almond, N, 1997, A Case of Too Soon - Though Not Too Much, *Property Week*, 18 April 1997, 23.

Almond, N, 1997, Be Cautious of Lenders' Valuations, *Property Week*, 14 March 1997, 19.

## **OTHER PUBLICATIONS**

### **Referred Journals**

Almond, N, and Plimmer, F, 1997, An Investigation into the Use of Compulsory Acquisitions by Agreement, *Property Management*, Vol. 15(1), 38-48.

**Editorials**

Almond, N, 1999, Internet Editorial, *Property Management*, Vol. 17(2), forthcoming.

Almond, N, 1999, Internet Editorial, *Property Management*, Vol. 17(1), forthcoming.

Almond, N, 1998, Internet Editorial, *Property Management*, Vol. 16(4), 236-237.

Almond, N, 1998, Internet Editorial, *Property Management*, Vol. 16(3), 131-133.

**Note**

Publications which are denoted as forthcoming are not attached.



# Towards an intelligent residential appraisal model

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## Summary

In the UK, and indeed in many countries, Direct Capital Comparison (DCC) remains central to the practice of residential property valuers. Theoretically well founded, statistically or heuristically-based alternatives, usually embodying regression techniques, have failed to penetrate professional practice despite long pedigrees. For several years, neural networks, in which values are not so much derived or assigned but discovered, have also been propounded as potential alternatives. Yet DCC clings to its pre-eminent position because it is readily understood and it is thought to produce more accurate results. In order to improve upon DCC, complementary or alternative methods will need to enhance accuracy, and be equally intelligible and transparent. This paper reports empirical findings, discusses some of the obstacles that will need to be overcome and some of the constituents that may comprise an improved model.

*Keywords:* residential property appraisal; direct capital comparison; intelligent systems; professional knowledge; Kohonen feature map

## 1. A complex problem

*'If you want to understand some aspect of the Universe, it helps if you simplify it as much as possible, and include only those properties and characteristics that are essential to understanding.'*

Hari Seldon, *'Prelude to Foundation'*, Isaac Asimov

Residential property valuation is often viewed as the Cinderella of professional appraisal practice. Comparatively little space has been devoted to the topic in the syllabi of UK higher education. Graduates, lured by the world of commercial property, aspire to apply 'scientific' investment appraisal techniques. Researchers also see greater complexity in commercial markets (e.g. Connellan and James, 1996).

Such aspirations and views may be justified. Certainly, the markets for professional advice reflect or condition such views. Rewards for appraisal personnel are much higher in commercial than residential markets. Nevertheless, residential appraisers are dealing with

considerable complexity. First of all, housing is a complex commodity. At its most fundamental, the dwelling meets essential requirements for living: protection against climatic extremes, a place for activities preferably conducted under cover, a place for privacy and security, a place where physiological and psychological needs for territory are fulfilled. The dwelling will exhibit aspects of technological development in design and construction, often mediated through a regulatory framework. It will reflect communications technology in terms of its location and functionality. It will be an expression of the social needs and aspirations of individuals/family units and the groups to which they belong or with which they identify. As such, dwellings are polymorphous and heterogeneous. In appraisal parlance, all houses are unique.

Next, housing markets are undeniably complex. In Marshallian economics the forces of supply and demand determine house prices. Rational people individually making decisions to maximize their utility in aggregate produce a competitive general equilibrium (in all markets simultaneously). In a perfect market resources are used efficiently and no one could be better off without violating this pareto-optimal allocation. This simplified model provides helpful insights into the derivation of value as Asimov predicts. In such a state, the value of a property newly arrived on the market could be deduced directly from analysis of the revealed prices (or rents) of comparable properties or equally directly computed from cost information.

It is safe to say, aside from Von Neuman's mathematical proofs that the conditions for a general equilibrium cannot exist (see Ormerod, 1994), that none of the conditions of a perfect market begin to be met. The choice between value and cost information as the basis for a calculation becomes a pragmatic one: it concerns questions about the availability and reliability of data and its usefulness in the appraisal process, in predicting value.

Viewed from the level of the typical transaction, the price of a dwelling is an expression of its value to two individual household units at a point in time, the vendor and the purchaser and their agents. This price may also reflect the interests of third parties e.g. a moneylender or the taxman, the activities of other players in the market place whose signals have been interpreted by the parties, the agents acting for vendors of alternative properties, the unsuccessful bidders for the property sold and perceptions of general and local market conditions. The price will also reflect the state of other markets, markets for housing finance and finance more generally (assumed to be yet more unpredictable than housing markets (Mueller, 1995)), and substitute housing markets (non-owner-occupied housing) and factors which impact such markets e.g. forms of regulation and the degree of subsidy.

Furthermore, the value to the parties in a particular transaction may contain attributes to which every other purchaser may be indifferent. For example, environmental psychologists have analysed attachment to places, to neighbourhoods, towns and regions. Residential satisfaction is often tied to place attachment (Sundstrom *et al.*, 1996). What underpins this place attachment may not be clearly related to a measurable phenomenon of use in the comparison process, like proximity to a strong 'attractor' e.g. school provision or pleasant environment, the substance of quantitative economics.

Aggregate house price functions have difficulty representing such imponderables, but the individual purchaser is prepared to pay a premium to realize the aspiration. It is a component of effective demand, mediated through the house purchase process. The purchaser's own 'house price function' will reflect this factor, which may be measured by asking 'How much are you prepared to pay to satisfy this want?'

What can be concluded from these observations?

- (1) Useful models for the estimation of house value are likely to be complex.
- (2) The analysis of one or more housing transactions is unlikely to be of more than indicative usefulness in the derivation of value of a neighbouring house.
- (3) The factors that determine house prices are not explained within any one discipline. In order to understand the problem valuers have intuitively acted and simplified

## 2. Dealing with complexity

*'Now, as you wish to know more and more about any phenomenon, or as a phenomenon becomes more complex, you need more and more elaborate equations, more and more detailed programming, and you end with a computerised simulation that is harder and harder to grasp.'*

Hari Seldon, *'Prelude to Foundation'*, Isaac Asimov

Ideally, the required output, a figure of value, would be solved by the use of a function or functions that could adequately handle such complexity, however hard to grasp (Asimov). The development of such a function is not imminent. The theoretical deduction of such a function has proven elusive and indeed Mason and Quigley suggest impossible (Mason and Quigley, 1996). To date, there is not even a coherent classification of the inputs to the problem space – existing reductions do not include all 'those properties and characteristics that are essential to understanding'.

Where precise functions do not exist in situations exhibiting high complexity, heuristics are commonplace. Any heuristic that consistently provides tolerable results merits enduring use in the absence of better alternatives. However, if there is a lack of consistency or periodic failure, then improvements are desirable which attempt to identify weaknesses that cause inconsistency and/or define the boundaries within which the heuristic may be usefully deployed.

The valuation of residential property for mortgage purposes is traditionally based on DCC, a heuristic which has an identifiable basis in known cognitive techniques. It has strength in that

- (1) Its theoretical precepts are readily assimilated. Houses may be compared by reference to their attributes, housing transactions by reference to market conditions. Valuers understand it.
- (2) It focuses the decision-maker on known quantities, earlier realized transaction prices revealed in the market. Valuers are able to identify inputs to it.
- (3) Its application is not demanding where data is adequate. Mackmin (1994, p. 45) defined the common processes in DCC (see below), though there is considerable scope for artful interpretation of method (see for example Dennett, 1997). Valuers know how to use it.

However, DCC remains a heuristic. In relation to the complex model it seeks to interpret, its usefulness depends entirely on results. Gronow *et al.* (1996) establish that the heuristic broke down completely in the face of the broad market collapse of 1988/9 and that any usefulness took a considerable period to be re-established. Furthermore, various inherent

weaknesses undermined real continuing usefulness while documented flaws in its application exacerbated this (*ibid.*).

While 'a skilled valuer may use three or less comparables' in the analysis of any one transaction (Adair and McGreal, 1987), the typical mortgage valuer undertaking five appraisals per day relies upon substantial amounts of useful evidence. Yet transaction data in much of the UK remains confidential and there are no standards for its management. Adequate analysis requires sophisticated data manipulation, yet tools for the purpose remain undeveloped (Gronow *et al.*, 1996). Revealed transaction prices contaminate the selection of evidence in the comparable process (Wolverton and Diaz, 1996) and the valuation decision itself (Gronow *et al.*, 1996). Yet this tentative transaction price is invariably revealed to valuers.

Finally, the valuation decision is shrouded in mystery. It is barely documented, as the courts have had cause to lament, and unexplained. Mackmin (1994) suggests that valuation by DCC can be broken down into four steps:

5.1 *Select comparables*

5.1 *Extract, confirm and analyse comparable sale prices*

5.1 *Adjust sale prices for noted differences*

5.1 *Formulate an opinion of open market value for subject property* (p. 45)

Yet analysis of the valuation pro forma (those issued by lenders or designed by valuers) shows no space for any formal adjustment for noted differences or for exposing the rationale for the formulation of opinion. Observations of and discussions with valuers suggest that an attenuated form of this process occurs, though it is not committed to paper. The core of the decision process is akin to a black box.

However, during the entire period since the last market collapse, appraisal professionals in the UK nonetheless exclusively and continuously used DCC. The reason for this is straightforward. They perceive no viable alternative. Yet uncritical adherence to the heuristic implies that the profession is poised to repeat the mistakes of the last cycle.

The commonly used appraisal heuristic has often failed in its narrow purpose: the determination of house value for the purchaser. If the same heuristic also has a social function, the identification of inflationary and speculative tendencies in housing markets, it has failed in this broader purpose too. The social and economic consequences of a poor heuristic are evident. In the UK, alleged negligent valuations, in most cases calculated using DCC, accounted for over 30% of all cases listed in the Official Referee's court for action in 1996 (Mason and Rice, 1996). Loans to homeowners based on DCC calculations generated up to £10 billion of negative equity in the UK in this decade. Of course, the valuations were not the cause of negative equity, but they failed to apply any corrective and, in this sense, became a contributory factor (Jenkins *et al.*, 1995). The social consequences of mistaken valuations have been immense. Such consequences suggest a need for anything but complacency.

The remainder of this paper is concerned not with suggestions for the improvement of DCC techniques, which have been suggested elsewhere (Gronow *et al.*, 1996). It is concerned with the elaboration of a model that would supplement the existing in the context of a problem statement (Section 3) and the report of empirical work designed to progress development of such a model (Section 4). This supplementary model will need to be intelligible to its users. It will need some means of monitoring markets to identify discontinuities that catastrophically undermine the DCC heuristic. It will need an ample

supply of data, not simply of the bricks and mortar type traditionally garnered by appraisers but also social and economic data that impact house prices. Further, it will need to embody fundamental domain knowledge gained from best practice that is appropriate across many appraisal paradigms. In short, to fulfil the role of satisfactory supplement, it will need to be an intelligent system.

### 3. Intelligent systems

'... with people and computers both on the job, computer error can be more quickly tracked down and corrected by people, and, conversely, human error can be more quickly corrected by computers.'

Hano Lindor *'Prelude to Foundation'*, Isaac Asimov

Intelligent systems have been with us for some time. They have taken two principal forms. The more accessible form has represented decision processes in the form of rules. They have been labelled expert systems or expert database systems. A less accessible form has represented knowledge in the form of patterns. They have been labelled neural networks or genetic algorithms.<sup>1</sup> Case based systems might be understood as some form of combination of the two principal forms. However, case based systems are a special 'case' rather than a possible synthesis of intelligent systems. Section 4 develops a notion of a hybrid in which an expert system acts as a front end to a hierarchy of neural networks. The remainder of this section considers some of the problems that need to be tackled and that have been highlighted as a result of current research.

#### 3.1. *Intelligible systems*

Acceptability of any system requires that there be at least a modicum of understanding of the system by its operators. The appropriate degree of understanding is more closely analogous to the driving instructor than the mechanic, though some users will become mechanics. If an intelligent system is to be used by appraisal professionals, they must have a reasonable understanding of its processes, be confident in explaining them and recognize when there is something wrong. At least, they must be able to explain decisions derived from system application to a standard equal at least to that thought apposite for DCC!

Expert systems are sufficient in this respect. A true expert system is always able to explain its decision process. Neural networks, however, are as much of a black box as DCC. To be acceptable, the neural network component of any intelligent system needs to be transparent. This is a challenge that cannot be avoided.

Understanding breeds confidence. Those who use the systems will need to be confident in their use. They need to know the limits to which the system may be safely driven. They will also need reassurance about system suitability when the terrain changes. For this reason, the intelligible system will also need to send messages to users about the degree of confidence that is appropriate to any current transaction. Intelligibility requires that even if the calculation of confidence is complex, utilizing some variant of a conditional probability

<sup>1</sup> Genetic algorithms are inspired by the natural phenomenon of the 'survival of the fittest'. Problem solutions are evolved with each generation having a better solution than its predecessor (Goonatilake *et al.*, 1995).

density function, nevertheless, the communication of confidence to the user is simple to understand.

### 3.2. *Market aware systems*

Cycles in UK residential property markets are quite well documented and a useful, general bibliography of property cycles has been produced by the Department of Land Economy at the University of Aberdeen (RICS, 1993). Since the early 1970s, there have been wide fluctuations in house prices from the equilibrium and a series of quite dramatic, synchronized collapses. It is fair to say that few have predicted such collapses. Indeed it is noteworthy that the major players in housing markets – lenders, estate agents and, perhaps, valuers – retain an interest in promoting house price increases. Not only is professional fee income directly linked to transaction price, but also slightly rising markets have positive psychological effects: consumers are more confident and lenders' portfolios appear more secure.

Clearly, an intelligent system would require a time series analysis component. While precision in such predictions is unlikely and the estimation of turning points notoriously difficult, the identification of leading indicators to the appraiser may well serve to eliminate the wildest over/under-valuations. Even if the basis of valuation were changed from Open Market Value to Estimated Realization Price, or some other expression of a longer run equilibrium, a time series analysis component would be vital in identifying overly-strong bids.

The time series problem requires measurements of a single observable as a function of time as a basis for prediction. The first problem is selection of the 'single observable'. While this must be a measure of house price, there are many from which to choose, with different aggregates (national, regional and even subregional; by house type etc.) and periodic rebasing (e.g. Nationwide index in 1995). The second problem is the selection of measurement technique. Given the complexity of the market, it is assumed that in addition to linear and periodic components, there are random and chaotic components, the latter caused by nonlinear dynamics. Because of this, our starting measure would be some form of feedforward neural network (Vermuri and Rogers, 1994) though a comparison of neural network and earlier statistical methods may be helpful. A third problem is the period of time over which to perform the analysis.

### 3.3. *Data rich systems*

In addition to generalized cycles, there are myriad smaller relative price movements. These relate to the dynamics of location and perceptions of location at varying aggregates – region, subregion, neighbourhood and immediate vicinity. They also relate to the dynamics of market sector, which has a complex interaction with location (e.g. Maclennan and Tu, 1996) as well as strong independent defining features. Much locational and sectoral data needs to be recorded and monitored. As well as these more dynamic elements of the model there are the physical aspects of property – the bricks, mortar and topography captured in traditional approaches. Indeed, if the model is not to become saturated in supply side data, some measures of (a)typicality need to be developed to assist in modelling.

An intelligent system will draw on diverse data sources. Past developments of alternative approaches have stumbled for two reasons, first, because of a lack of data and

poor data models. An intelligent system requires data models that are sufficient to represent underlying complexity, whether they are relational, object-oriented or some synthesis of these, while the system needs to remain sufficiently robust to provide estimations where there is little actual data.

Secondly, they have stumbled because of the elaborate nature of functions that are required to model this complexity without some form of decomposition. If the price or open market value of dwellings is determined by supply and demand, then value is discovered when simultaneous equations representing a function of demand and a function of supply are solved. Given the multitude and complexity of factors which contribute to both the supply and demand functions, house-price determination studies, whether using neural networks, Multiple Regression Analysis (MRA), or other paradigms begin with a limited and manageable number of variables regarded as most sensitive. In this reduction, the open market value of the dwelling is associated, *ceteris paribus*, with the bundle of attributes it comprises, generally expressed in the following form:

$$V = f(x, y, \dots, n)$$

where the value  $V$  is some function of the attributes  $x, y, \dots, n$ .

In this particular reduction, demand related attributes, the most price-sensitive, are not explicit, there is no (or an isolated) supply effect over time and the properties are drawn from the same location or from locations which share identical features. As a result, MRA and neural network studies are constrained within narrow time and space zones by the strictures of the reduction (Gronow *et al.*, 1996). Recent neural network competitions organized by the International Association of Assessment Officers reflect this reality. Similar constraints have applied to expert system developments where multiple house price functions are heuristically assigned rather than statistically derived (Czernkowski, 1991; Jenkins and Gronow, 1993). The problem, in summary, is that *ceteris* is seldom *paribus*.

There are further problems with such approaches. It is established that property markets are differentiated spatially and sectorally so that choice of study area may help or hinder the explanatory power of the function. Different market segments are recognized by the presence of some attributes rather than others. Clearly, attributes typical of a particular segment need to be included within a function applied to that segment.

Nevertheless, such studies are potentially useful in assessing the relative value of properties within an economically static framework. The results may then be used, for example, for taxation purposes, though it is important to ensure that the model accommodates perceptions of taxpayers as to the constituents of value if the tax base is to be seen to be fairly assessed.

The limitations of such studies in estimating house prices in myriad small, dynamic market segments with poor information should be clear. Such models will need to address the limitations imposed by the underlying assumptions before they can be used for the more problematic purpose of market appraisal.

If complex data models lead to over-elaborate functions – the number of variables and their interdependence creates more complexity than can be accommodated within existing models – then some preliminary classification of the input space is required. Attempts at classifying the variables are helpful therefore in that they may uncover a hierarchy of approaches to the problem and indeed may also identify surrogate measures that are capable of representing classes or subclasses of attributes, thus simplifying functions. The

valuers' mantra that value is dependent on location, location and location represents one well-known attempt at such a classification.

### 3.4. Knowledge rich systems

Eliciting knowledge from professional valuers is no small task. Domain knowledge is wide and deep, it is not always easily articulated (Scott, 1988), conflict and contradiction are present and need to be managed (Nawawi *et al.*, 1996) and the interface between knowledge and data requires clearer elaboration (Jenkins, 1992), especially in relation to local knowledge.

The representation of knowledge has been achieved for small scale, well-defined projects (Scott, 1988; Jenkins, 1992) using expert system shells and expert databases. The research and development effort required for modelling more complex knowledge is in its infancy.

The debate about the real content of professional knowledge is at least three cornered. Professional decision making may be a 'conspiracy against the laity' or 'problem solving made rigorous by the application of scientific theory and technique' or an intuitive and artistic process. The truth lies somewhere in the middle. A more definitive statement for the appraisal profession will require considerably more study than has occurred to date.

Scott (1988) and Jenkins (1992) noted in studies of appraisal decision-makers that though they were competent, they were nonetheless unable to articulate their full decision process. Schön (1991) suggested that this is a general phenomenon of professional decision-making:

*In his day-to-day practice he makes innumerable judgements of quality for which he cannot state adequate criteria, and he displays skills for which he cannot state the rules and procedures. Even when he makes conscious use of research-based theories and techniques, he is dependent on tacit recognitions, judgements, and skilful performances. (p. 50)*

Even so he noted that this is not an unthinking approach:

*On the other hand, both ordinary people and professional practitioners often think about what they are doing, sometimes even while doing it. Stimulated by surprise, they turn thought back on action and on the knowing which is implicit in the action. (p. 50)*

And he concluded:

*It is this entire process of reflection-in-action which is central to the 'art' by which practitioners sometimes deal well with situations of uncertainty, instability, uniqueness and value conflict. (p. 50)*

Schön described the content of this reflection-in-action as a form of experimentation, which, though less rigorous than controlled experiment, is nonetheless valid within the confines of the problem parameters. He talks about the development of a repertoire that is more subtle and flexible than the sum of case knowledge derived from practical experience.

His conclusion has three profound implications. The first concerns the way in which professionals are educated. This is not the immediate concern of this paper but see Schön (1987) for further discussion and an explanation of 'the reflective practicum'.

Secondly, there is an implication for our understanding of professional behaviour. For example, the observation that valuers are substantially influenced by revealed transaction



price tells only part of a story. What surprises more is what valuers omit to consider and to analyse. Why do they not carry out a more rigorous analysis in keeping with the textbook? The answer would seem to be that once they have sufficient evidence to justify adoption of the tentative transaction price, they stop 'experimenting'. The answer may not be 'correct' but it is sufficient within the parameters of the problem. These parameters include not only the technical, but also the contextual, the social, political and economic as well as the 'lifeworld' and the personal:

*This lifeworld is the complex array of routines, expectations, roles, norms, axioms and unwritten rules that make up the practitioner's everyday world. (James, 1997, p. 7).*

In the instant example they include, *inter alia*, the size of the caseload, the amount of the fee, the lenders' need to secure the business, the practitioner's position in the company and the availability of evidence.

Thirdly there are implications for modelling the decision-making process. Formally, knowledge representation requires the faithful reproduction of the knowledge elicited – be it in the form of rules, procedures, cases or patterns. But caution should be exercised on two counts. First, when observed heuristics are reflecting a less than satisfactory treatment of a problem, as described in relation to DCC above. In such circumstances, the 'knowledge engineer' needs freedom to incorporate the 'deeper' knowledge, particularly where a more rigorous approach to the problem can be rendered to the system because the computer is not constrained in the same way as the human practitioner e.g. recursive trawls through data. Secondly, because the elicitation exercise might mimic the practice without the benefit of reflection on the reflection in action.

An intelligent system that is able to entertain the sort of dialogue with a given practice situation that results in a sufficient solution and self-learning appears remote. Schön's motivation may have been to develop an antithesis to the prevailing technical rational epistemology of the postwar period (Eraut, 1995). The resulting synthesis, however, may be a more rigorous specification of a truly intelligent model. It should be clear by now that the development of a computer model to create a partnership with the human practitioner is not some ruse to supplant the practitioner but reflects, in Polanyi's phrase, a 'tacit knowing' that the intuitive aspects of the decision-making process may defy systematization. However, this does not prevent enquiry.

Mackmin (1994) identified the key stages in the valuation decision-making process. Gronow *et al.* (1996) highlighted moments within these key stages where decision-making was blurred. Current research efforts are being focused on such moments and in particular on references to abstruse concepts like 'local knowledge' to which an appeal is made when articulation runs dry (see Section 4.6).

#### 4. Steps towards an intelligent hybrid

This section reports empirical work and preliminary findings from a programme of research geared towards the development of an intelligent system. The system is a hybrid in the sense, first, that it borrows from previous research into expert systems and neural networks and attempts to synthesize them and secondly in that it brings together traditional supply-side valuation knowledge with demand-side information.

#### 4.1. *Research objectives*

One of the weaknesses faced in practice is the lack of comparable properties as evidence (Worzola *et al.*, 1995). Given this weakness, much research has been carried out into directly calculating the value of a property from its locational and physical attributes (Adair and McGreal, 1987; Borst, 1991; Do and Grudnitski, 1992; Evans *et al.*, 1992; Worzola *et al.*, 1995). Many of these research studies have considered the application of neural networks to residential property appraisal (Borst, 1991; Do and Grudnitski, 1992; Evans *et al.*, 1992), with the majority of studies using data from a homogeneous area (i.e. an area where all properties are subject to the same environmental and locational forces) for the reasons explained. This approach is taken, as the valuation function can become very elaborate when spread across a heterogeneous area. This leads to neural network models that are not locationally portable. Nevertheless, the studies have reported a high level of success, with average absolute percentage error levels of between 5 and 7.5% not being uncommon (Borst, 1991; Evans *et al.*, 1992).

The first objective of the research team was to break free from the limitations imposed by the study of a homogeneous area. If an intelligent system is to be developed, it must be capable of modelling a heterogeneous area without the need for constant recalibration. The novel approach taken is described in Section 4.2. The second objective was to represent within the functions developed some surrogates for demand. Indeed, it is submitted that the heterogeneity problem could not be fully solved without some reference to the relative wealth of market sectors and this is the subject of Section 4.3. Progress towards a third objective, the extent to which intelligibility may be built into a system, is described in Section 4.4. Barely yet addressed, the next objective is to address cycles in property markets. Section 4.5 sets out a perspective for addressing this 'market awareness problem'. The research team is concerned to harness more professional knowledge and Section 4.6 describes current research in this area. A summary of findings from empirical work to date and a schema of the intelligent model as it currently stands are to be found in Section 5.

#### 4.2. *The heterogeneity problem*

In order to create a generic solution, it will be necessary to apply networks to a nonhomogeneous area and extend the depth of attributes beyond traditional studies. The first step was to attempt to identify, from a heterogeneous parent dataset, a complete set of homogeneous subsets. The Cardiff area was chosen because access was available to a database that provided adequate records of an area that the research team considered to be heterogeneous in nature and of which they had some prior knowledge.

Adair *et al.* (1996) hypothesize that submarkets can be identified by stratifying the market into increasingly homogeneous subsets. Using the hypothesis that a heterogeneous market consists of many homogeneous submarkets, it is postulated that a heterogeneous market can be modelled indirectly using many models, trained on subsets of the parent dataset. To use such a system to predict the value of a previously unseen property then requires a method of selecting the appropriate Neural Network model. In this approach, a clustering algorithm was used both to identify groupings within the parent dataset and to act as a panel judge to decide which estimation model to select when asked to give a valuation.

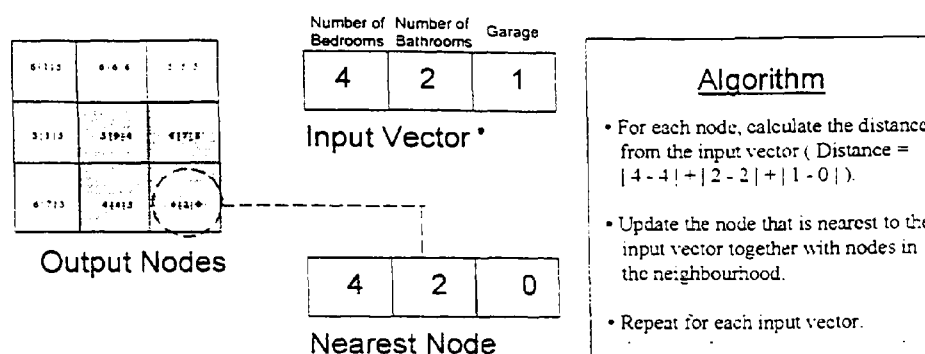


Fig. 1. A Kohonen Self-Organizing Feature Map.

The clustering algorithm used was the Kohonen Self-Organizing Map (Kohonen, 1984), which clusters similar input patterns. Figure 1 shows a typical 2D Kohonen Self-Organizing Map along with an abridged algorithm (Note, the number of nodes are arbitrarily selected for example purposes).

Each output node on the Kohonen Feature Map contains a vector of length 'j', where 'j' is equal to the number of input attributes. Before training the network is in an initialized state (i.e. the directions of the vectors in each node are random). Training involves passing an input vector into the network through the input nodes. Each node on the Kohonen Feature Map is then compared with the input vector, and the closest node is then changed to be more like the input vector. Neighbouring nodes also become more like the input vector. Iterating this process achieves clustering of similar input vectors in Euclidean space.

The methodology, illustrated in Fig. 2 builds on research reported by James (1994). A Kohonen Feature Map is used to uncover submarkets within a large dataset that are subsequently independently used to train a series of MultiLayered Perceptron (MLP) networks trained using an error back propagation algorithm (see Tay and Ho, 1992 for an explanation of MLP networks and error back propagation training).

The advantage of using the Kohonen Feature Map for this application is that it can identify clusters within the parent dataset that are difficult to identify using simple sort procedures. However, it is sometimes difficult to identify class boundaries within a trained Kohonen Feature Map (James, 1994) and this in turn leads to problems in generating training sets for the MLP networks. For example, consider the Kohonen Feature Map shown in Fig. 3: there appear to be five classes within the dataset, but there are regions of uncertainty relating to the boundaries of each cluster. The boundaries could be estimated visually, but at the expense of accuracy.

Faced with this problem, in addition to standard techniques, it was decided to investigate a recently published variance estimation routine known as the Gamma test (Stefánsson *et al.*, 1997) with the expectation that this would enhance boundary detection (Lewis *et al.*, 1997a; Lewis *et al.*, 1997b).

A database containing information on residential property transactions during the period January 1993 to December 1995 was selected to test the methodology. There are 990 records in the original database, each with 51 attributes. However, a number of these have

### Stratification Process using a Kohonen Map and a Suite of MLPs

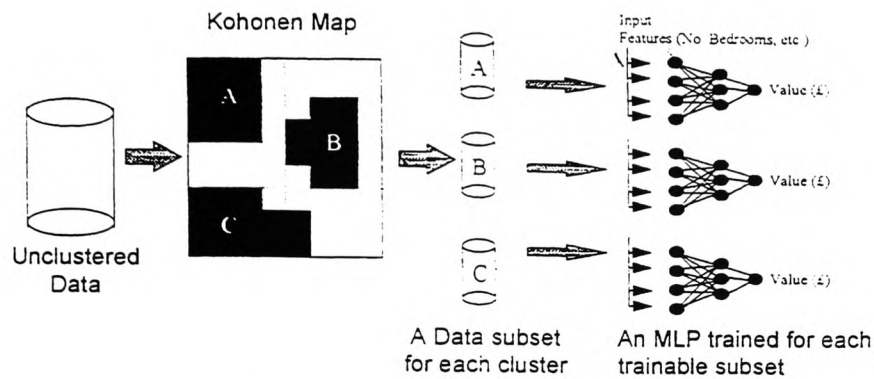


Fig. 2. An overview of the methodology. During training, the whole historical dataset is separated – using a Kohonen Self-Organizing Map – into subsets that are subsequently used to train a series of multilayered perceptron networks. During operation, the Kohonen Feature Map is used to determine which network to use to provide an estimate of value.

either constant values or free form text that is difficult to recode and were therefore removed. A description of the database used for this study is shown in Table 1.

A 10 by 10 Kohonen Feature Map was used to find the groupings in the historical dataset containing 990 records. Value, the output attribute, was omitted from the dataset used to train the Kohonen Feature Map. Using a combination of boundary detection methods, the data were found to contain eight groups. The records from each group were examined and common attributes within the group removed. Obviously, as the dataset is partitioned into classes, the classes contain only a portion of the original 990 records. However, this is accompanied by a decrease in the number of attributes – as constant columns are removed.

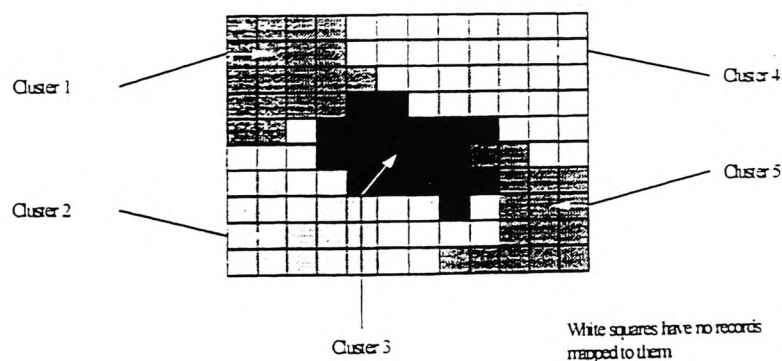


Fig. 3. An example trained Kohonen Self-Organizing Feature Map.

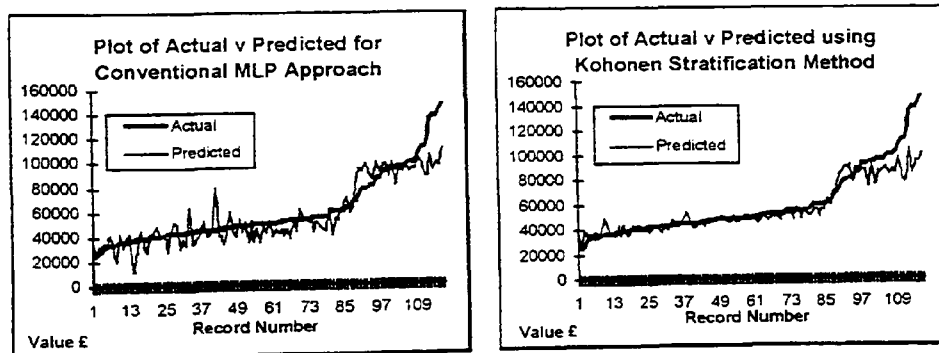
Table 1. A description of the database

| Attribute name      | Example value       | Attribute name     | Example value       |
|---------------------|---------------------|--------------------|---------------------|
| Street name         | Newport Road        | Valuation date     | 19 May 1995         |
| District or village | Roath               | Main heating       | Full. Partial. None |
| Unit                | 1-6                 | Number of bedrooms | 1-8                 |
| Unit type           | Mid-terraced etc.   | Age in years       | 0-500               |
| Unit size           | Area m <sup>2</sup> | Number of garages  | 0-2                 |
|                     |                     | Value              | 10 000-255 000      |

In order to provide a benchmark for analysing the methodology, a single MLP model and a single MRA model were constructed using the whole dataset. After training the ability of the models to appraise residential properties with known values was tested. The MLP model outperformed the MRA model and hence the results of the MLP model shown in Fig. 4(a) are used as a benchmark; the graph shows the actual and predicted values for 117 test properties. Table 2 illustrates the results achieved using the described methodology (Kohonen stratification model) on the same 117 properties in the test set.

Figure 4(b) shows the improvement in accuracy using the new method over the conventional MLP approach (the data used for Fig. 4(a) and (b) have been sorted in ascending actual property value order).

It is evident, from the results obtained that the methodology compares very favourably with the more conventional neural network approach and the multiple regression approach. An average increase in prediction accuracy of 10% was achieved using the new method over the conventional approach. This implies that the original dataset either contained more than one underlying function (James, 1994) or the function was too elaborate to be modelled using a single MLP network. Moreover the Kohonen Feature Map can discern



(a)

(b)

Fig. 4. (a) A graph of actual and predicted value gained using a conventional MLP approach. (b) A graph of actual and predicted value gained using the Kohonen stratification methodology.

Table 2. Results achieved for the test set

|                                  | Conventional<br>MLP method | MRA  | Kohonen<br>stratification model |
|----------------------------------|----------------------------|------|---------------------------------|
| Mean absolute % error            | 18%                        | 24%  | 8%                              |
| % of Records with an error > 10% | 74%                        | 79%  | 22%                             |
| Minimum absolute % error         | 0%                         | 0%   | 0%                              |
| Maximum absolute % error         | 310%                       | 220% | 49%                             |

different classes within the data, which when independently modelled yield a greater predictive accuracy than those computed for the original dataset (James, 1994). In this way, the system may transcend the limitations implied by traditional locational versus sectoral searches. Sufficiently refined clusters may represent specific property types in specific submarkets.

However, further analysis suggested that clusters formed by the Kohonen Self-Organizing Map did not always lead to dramatic increases in prediction accuracy. This was to be expected, as no real indicators of location were included in the analysis. To address this problem, 'demand-side data' as described in Section 4.3 was considered.

#### 4.3. *The demand-side problem*

In the first approach described in Section 4.2, two numeric surrogates (Street and District) were used to represent location, and indirectly wealth. This was without doubt a poor choice. An alternative method of ranking wealth is to consider average house value in each district. Jenkins (1992) used this method to generate 'base values' in a heuristically based valuation system. In a second approach, the average house value for each district was used as an input to the MLP model.

From the results obtained, it was clear that an increase in modelling accuracy could be gained. In fact, the best results were achieved by finding average values for each house type in each district. This avenue of research will no doubt be revisited in the near future. However, it is imperative that more depth is added to the database from other sources as the variance within the dataset was still outside any acceptable threshold. In order to improve modelling accuracy further, the use of Census data was investigated.

Census data are available at a number of abstraction levels with the smallest being Enumeration District (ED) in England and Wales, and Output Area (OA) in Scotland. Originally EDs were intended to contain between 15 and 200 inhabited houses, with current ED sizes representing a workload that can be performed by a single enumerator in the time available, given the circumstances of the area. In the 1991 Census there were 106 866 EDs in England and 6330 in Wales. A coding system allows access keys to be generated by following a country/county/district/ward/ED route. In addition to this a cross-reference from Postcode to ED allows individual properties to be included in ED level statistics (Dale and Marsh, 1993).

Ideally, to achieve maximum benefit from the Census data, the Cardiff dataset should be expanded at Postcode/ED level. As this is labour intensive, it is important that only useful information is extracted from the Census database. The empirical results described in this section used the Census data described in Table 3.

Table 3. Census variables used in analysis

|                                      |                                      |
|--------------------------------------|--------------------------------------|
| <i>Socio-Economic Group</i>          |                                      |
| Employers and managers (Large est.)  | Employers and managers (small est.)  |
| Professional workers (selfemployed)  | Professional workers (employees)     |
| Ancillary workers and artists        | Foreman and supervisors (nonmanual)  |
| Junior nonmanual workers             | Personal services workers            |
| Foreman and supervisors (manual)     | Skilled manual workers               |
| Semiskilled manual workers           | Unskilled manual workers             |
| Members of armed forces              |                                      |
| <i>Employment</i>                    |                                      |
| Full-time employment                 | On government scheme                 |
| Part-time employment                 | Unemployed                           |
| Selfemployed                         |                                      |
| <i>Qualifications</i>                |                                      |
| Qualified persons                    | Higher degree                        |
| Degree                               | Diploma                              |
| Qualified and on government scheme   | Qualified and unemployed             |
| Age ranges of qualified persons      |                                      |
| <i>Housing stock</i>                 |                                      |
| Detached properties                  | Purpose-built flats                  |
| Semidetached properties              | Converted flats                      |
| Terraced properties                  | Bedsits                              |
| <i>Tenure</i>                        |                                      |
| Owner occupied (outright)            | Owner occupied (buying)              |
| Privately rented (furnished)         | Privately rented (unfurnished)       |
| Rented from housing association      | Rented from local authority          |
| <i>Amenities</i>                     |                                      |
| Shared use of WC                     | Exclusive use of WC                  |
| Central heating                      |                                      |
| <i>Availability of a car</i>         |                                      |
| Households with no car               | Households with 1 car                |
| Households with 2 cars               | Households with 3 + cars             |
| <i>Ethnicity</i>                     |                                      |
| White                                | Black Caribbean                      |
| Black African                        | Black other                          |
| Indian                               | Pakistani                            |
| Bangladeshi                          | Chinese                              |
| Asian                                | Persons born in Ireland              |
| <i>Miscellaneous variables</i>       |                                      |
| Working mothers (part-time)          | Working mothers (full-time)          |
| Lifestages (age ranges of residents) | Overcrowding (persons per household) |
| Travel to work estimates             |                                      |

The initial research, described more fully elsewhere (Lewis, *et al.*, 1997c), linked the same house data with Census<sup>2</sup> data at the District and ED level. The Cardiff data set was reduced to 660 records for the ED level analysis due to missing or incomplete values in the postcode attribute. Some improvement in accuracy was gained even at the very highest level of abstraction. As anticipated, however, the greatest gains occurred at the ED level, where the mean absolute error % was reduced from 20% (original Cardiff Data Set) to 13% (Cardiff dataset and ED level Census statistics).

Introducing Census data at the ED level clearly improved the prediction accuracy of the single MLP network. Having constructed a single MLP model using Census data, the next logical step was to include Census data in the Kohonen/MLP methodology previously described. Figure 5 presents a framework for including Census data in the stratification model.

In order to test the effectiveness of the method for determining useful residential property submarkets, two testing procedures were developed. The first concerned the ability of the submodels to outperform a single model trained on all of the domain data. Submodels were constructed based on individual geodemographic factors, for example *housing stock in region* and *employment statistics*. Test properties were passed through the single MLP model trained on all of the available data and also through the appropriate submodels. An accuracy increase of between 1% and 14% was achieved by the submodels compared with the single model predictions.

The second testing procedure aimed to determine whether a submodel trained using data selected from one geographical area could effectively be used to predict the values of properties from a different geographical area sharing similar Census characteristics. MLP

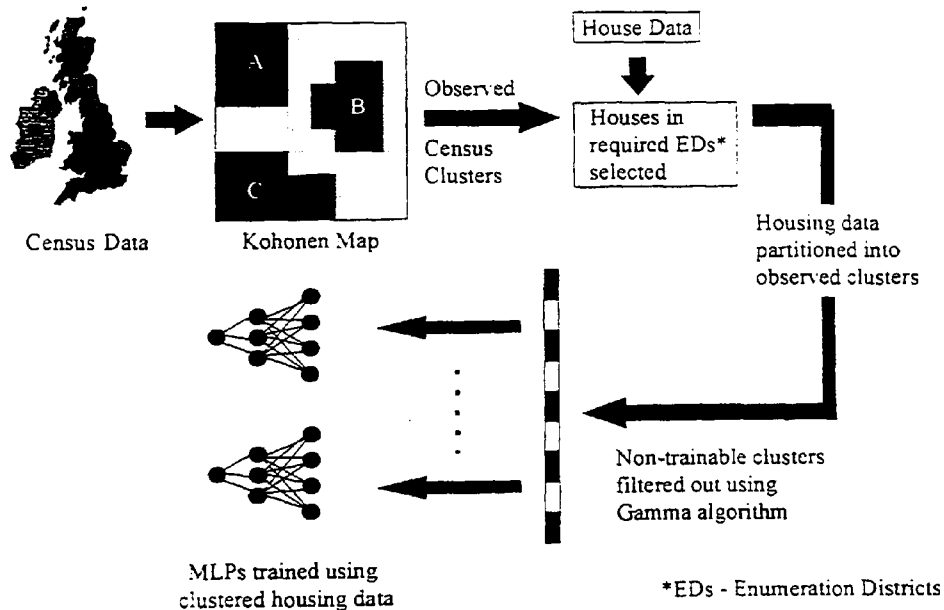


Fig. 5. A framework for including Census data in the stratification model.

<sup>2</sup> Source: The 1991 Census. Crown Copyright. ESRC purchase.



Table 4. Sample results for two-county analysis

| Data Sample                   | Mean Absolute Error (%) | Improvement (%) |
|-------------------------------|-------------------------|-----------------|
| County_B Whole Data Set Model | 18                      | –               |
| County_A Model_A              | 18                      | 0               |
| County_A Model_B              | 17                      | 1               |
| County_A Model_C              | 15                      | 3               |
| County_A Model_D              | 15                      | 3               |
| County_A Model_E              | 18                      | 0               |

models were created using property data selected from one county in South Wales (County\_A) and were used to predict the values of residential properties in a neighbouring county (County\_B). The results (see Table 4) show that the County\_A models at least match, and in some cases outperform, the predictions made by the single MLP model trained on County\_B properties. Clearly, the ability of these models to predict the values of residential properties outside the geographical area from which the training data was selected has been demonstrated.

#### 4.4. The intelligibility problem

One of the major criticisms of neural networks that discourage acceptance by professionals, including residential valuers, is their inherent 'black box' nature. The internal workings of a neural network are, for the most part, hidden from the user. For a residential valuer, this leads to a situation where one problem is solved only for another to be created: a house may be valued accurately using neural network techniques but there is no explanation as to how the value was deduced. One of the aims in building an intelligent system is to make neural network models more 'human-readable'.

*'The conventional approach to building an expert system requires a human expert to formulate the rules by which the data can be analysed'*  
(Zurada, 1992, p. 225).

In contrast, a connectionist or induction expert system formulates its knowledge base by modelling implicit functions or relationships within a dataset. A connectionist expert system is in essence a straightforward neural network. However, the environment software examines the weights recorded for a trained network and attempts to give a tentative explanation of the model based on the magnitude of the weights. Unfortunately, the explanations generated by a connectionist expert system are far removed from the symbolic heuristics taken by a human expert and more in tune with the synoptic activity of the brain. Mozer and Smolensky suggest that the '*one thing that connectionist networks have in common with brains is that if you open them up and peer inside, all you can see is a big pile of goo*' (Mozer and Smolensky, 1989). However, despite this complexity, many researchers are investigating methods of extracting rules from trained networks and this route will undoubtedly be considered by the Research Team in the near future (see Andrews *et al.*, 1995 for an introduction to rule extraction techniques).

Given the problems and inherent complexity associated with direct rule extraction from neural network structure it was decided to identify rules that describe the decisions made

by the Kohonen Feature Map as opposed to the predictions made by the MLP networks. By examining the way the modular system works, it is evident that each submodel (which in essence represent a homogenous dataset) is constructed using a subset of the attributes present in the parent dataset. Moreover, this subset of attributes differs from one submodel to the next, therefore, rules can be extracted (by inspection of the attributes subset) that describe which submodel can best predict the value of a previously unseen property. An example rule base (shown in Fig. 6) has been constructed for the supply side analysis previously described.

The rule base shown is somewhat crude and in no way describes the full complexity of either the data, or the appraisal process. It is obvious to anyone familiar with the valuation process that high level heuristics should contain reference to location. However, the inadequacy of the rule base is merely a factor of the quality and representation of the data. Employing a similar technique for the analysis including Census data reveals much more. Figure 7 gives some examples of the rules obtained.

The rules describe the profile of an area in terms of selected geodemographic characteristics. Quartiles are used to give an indication of the core of the profile ignoring

|   |   |
|---|---|
| <i>IF Property_Type is "converted"</i>      | <i>IF Building_Type is "house"</i>          |
| <i>AND Central_Heating is "none"</i>        | <i>AND Property_Type is "detached"</i>      |
| <i>THEN Network = "NET_A"</i>               | <i>AND Central_Heating is "full"</i>        |
|   | <i>THEN Network = "NET_B"</i>               |
| <i>IF Building_Type is "house"</i>          | <i>IF Building_Type is "house"</i>          |
| <i>AND Central_Heating is "partial"</i>     | <i>AND Property_Type is "mid terraced"</i>  |
| <i>THEN Network = "NET_C"</i>               | <i>AND Central_Heating is "full"</i>        |
|   | <i>THEN Network = "NET_D"</i>               |
| <i>IF Building_Type is "house"</i>          | <i>IF Building_Type is "house"</i>          |
| <i>AND Property_Type is "detached"</i>      | <i>AND Property_Type is "end terraced"</i>  |
| <i>AND Central_Heating is "full"</i>        | <i>AND Central_Heating is "none"</i>        |
| <i>AND Has_Garage is "no"</i>               | <i>THEN Network = "NET_F"</i>               |
| <i>THEN Network = "NET_E"</i>               |   |
| <i>IF Building_Type is "house"</i>          | <i>IF Building_Type is "house"</i>          |
| <i>AND Property_Type is "semi-detached"</i> | <i>AND Property_Type is "semi-detached"</i> |
| <i>AND Central_Heating is "none"</i>        | <i>AND Central_Heating is "full"</i>        |
| <i>THEN Network = "NET_G"</i>               | <i>THEN Network = "NET_H"</i>               |

Fig. 6. A simple rule base for model selection.

tail ends. Each Quartile contains 25% of the distribution with Q1 and Q4 being the lower and upper tails respectively.

Although perhaps naive, these rules have obvious links with heuristics used as part of the appraisal process. As such the potential for 'human-readable' neural network modelling is modestly exhibited. The rulebase is in effect providing the reasoning for the network decision.

Given the complexity inherent in the problem, such reasoning, even after considerable training, is unlikely to be infallible. However, it may be synthesized with the reasoning used by human experts obtained through knowledge elicitation. In this way, an intelligent front end to the neural networks can be developed.

4.5. The market awareness problem

In an earlier section the use of average house value was described as a crude means of representing wealth in the analysis. Apart from other limitations, in the context of residential appraisal, average house value is a retrospective measure of wealth. In order to address the market awareness problem, the system requires some means of anticipating where a market is going, of locating its position in a cycle. To achieve this, it would seem

| Rule Extraction Results for Cluster 4 in HousType Data   | Rule Extraction Results for Cluster 4 in Car Data  |
|--|--|
| <p><u>RULEBASE</u></p> <p>IF [% of DETACHED properties in surrounding area] is in range 0 to 32<br/>                     AND an average value of 21<br/>                     AND a median value of 21<br/>                     AND 1st and 3rd Quartile values of 3 and 35</p> <p>AND [% of SEMI-DETACHED properties in surrounding area] is in range 0 to 48<br/>                     AND an average value of 21<br/>                     AND a median value of 21<br/>                     AND 1st and 3rd Quartile values of 12 and 29</p> <p>AND [% of TERRACED properties in surrounding area] is in range 0 to 60<br/>                     AND an average value of 35<br/>                     AND a median value of 37<br/>                     AND 1st and 3rd Quartile values of 22 and 49</p> <p>AND [% of PURPOSE-BUILT FLATS in surrounding area] is in range 0 to 184<br/>                     AND an average value of 27<br/>                     AND a median value of 23<br/>                     AND 1st and 3rd Quartile values of 4 and 40</p> <p>AND [% of CONVERTED FLATS in surrounding area] is in range 0 to 15<br/>                     AND an average value of 1<br/>                     AND a median value of 0<br/>                     AND 1st and 3rd Quartile values of 0 and 1</p> <p>AND [% of BEDSITS in surrounding area] is in range 0 to 0<br/>                     AND an average value of 0<br/>                     AND a median value of 0<br/>                     AND 1st and 3rd Quartile values of 0 and 0</p> <p>THEN prediction should be made using MLP Network HIYPE_4</p> | <p><u>RULEBASE</u></p> <p>IF [Percentage Households with No Car] is in range 12 to 40<br/>                     AND an average value of 30<br/>                     AND a median value of 31<br/>                     AND 1st and 3rd Quartile values of 26 and 35</p> <p>AND [Percentage Households with 2 Cars] is in range 0 to 23<br/>                     AND an average value of 15<br/>                     AND a median value of 15<br/>                     AND 1st and 3rd Quartile values of 12 and 17</p> <p>AND [Percentage Households with 3+ Cars] is in range 0 to 11<br/>                     AND an average value of 3<br/>                     AND a median value of 2<br/>                     AND 1st and 3rd Quartile values of 2 and 4</p> <p>AND [Percentage Households with 1 Car] is in range 46 to 69<br/>                     AND an average value of 52<br/>                     AND a median value of 52<br/>                     AND 1st and 3rd Quartile values of 49 and 55</p> <p>THEN prediction should be made using MLP Network CARS_4</p> |

Fig. 7. Examples of rules extracted from Kohonen Self-Organizing Map.

that a synthesis is required of research achievements at the microlevel to forecast the values of a single commercial property or small portfolio (Connellan and James, 1996) with research achievements at the macrolevel in the modelling of the UK housing market (Miles and Andrew, 1997). In singling out such quantitative approaches for further elaboration, it is not intended that qualitative approaches to forecasting, like analogue forecasting or the Delphi technique, be disregarded. These are wholly appropriate in the development of valuation technique, especially as regards human processes. Rather, the intention is to focus on the aspects of valuation that are most susceptible to the development of computer modelling.

The first task involves identifying (a) leading indicator(s) that a system then tracks. Such an indicator might be a composite of well-recognized broadly based factors, disposable income, borrowing rate, inflation rate, and more (sub)market particular factors, such as local employment and investment trends, which are part and parcel of an elusive component of the valuation paradigm known as 'local knowledge'. This is a relatively straightforward task and elements of it were accomplished in the development of an earlier prototype system (Jenkins *et al.*, 1995). Current research is engaging the issue of 'local knowledge' in order to elaborate the earlier prototype.

The second task involves the utilization of such indicative data in forecasting, in what Connellan and James (1996) have termed longitudinal analysis as opposed to the more traditional cross-sectional form. This requires confronting the problems identified in Section 3.2 above and is the penultimate stage in the current research agenda.

#### 4.6. *The problem of professional knowledge*

The research team is concerned with two overlapping tasks in the pursuit of professional knowledge. The first task is to gain a closer understanding of 'local knowledge'. Practitioners in the UK are regulated by the RICS in terms of the geographical area in which they are qualified to practise. Competence is associated with local knowledge (though see *Abbey National Mortgages plc v Key Surveyors Nationwide Ltd and others*, [1996] 33 EG 88). The first attempt at knowledge elicitation (Scott, 1988) focused on general declarative knowledge with the aim of developing a rule-based expert system that was capable of undertaking mortgage valuations. The system built had severe limitations and there was considerable degradation in valuation results when the system was transported even within a region. This was partly addressed in subsequent research (Jenkins, 1992) when valuers were encouraged to heuristically assign values to localities. However, the latter project made no attempt to classify local knowledge and the system was not transportable by design. The objective of current research is to resolve the paradox of local knowledge and transportable expertise so that such knowledge can be represented to the intelligent system.

A current experiment is attempting to establish whether local knowledge exists and to discover its content. In the experiment, local and 'visiting' valuers are providing appraisals of a limited number of properties. Each is in receipt of the same data about the property and about comparable properties. The assumption is made that there are no unrecognized defects to the property. Each valuer is completing the same lender's form and is providing any notes of their appraisal decision and a log of time spent in the process. Care is being taken to ensure that valuers with similar experience and qualification are selected in order to isolate the local knowledge component.

The second stage of the research concentrates on in-depth interviews to compare the conceptions of local knowledge that valuers have, in part by focusing on the advantages/disadvantages that participating valuers experienced.

The second task in relation to professional knowledge is an attempt to reconcile the heuristics from the local knowledge elicitation process with the rules extracted from the neural network approach. This is necessarily the final stage of the research programme intended for reporting in 1999.

## 5 Conclusions

### 5.1. Summary of research findings

The empirical evidence leads to the following conclusions:

- A set of models, each dedicated to a certain narrow domain, can significantly outperform predictions made by a single more general model trained on all of the available training data.
- Demand side data, like Census data, enhances the efficacy of the model. The geographical size of the Census area selected affects its performance as a locational surrogate in an appraisal model. The advised aggregate to use to represent location is the Enumeration District.
- Many different features describe the characteristics of an area. These include obvious features such as 'housing stock in neighbouring region', but also include less obvious features such as 'number of cars per household'.
- Models created from the stratification technique can be used to predict property values in other areas that have similar Census characteristics.
- Using a Kohonen map to stratify the Census data, and representing the trained Kohonen map using simple statistics, provides additional transparency to the intelligent appraisal model.

### 5.2. Model development

Having performed this analysis, it is now believed that further improvements can be made to this part of the model by adding another layer that automatically selects the most appropriate Census data to segment the property market. This step is currently done manually, though the Research Team intend investigating tree induction techniques (see Quinlan, 1986) and genetic algorithms (see Goldberg, 1989) to automate this step and ensure inclusion of influential variables for all models. Given that Census data degrades in quality between successive Censuses, alternative data sources will also be reviewed.

At the halfway point in the research programme, Fig. 8 provides a schema of the hypothesized intelligent model. Inputs to the processes described can be undertaken independently. In the valuation process, the user interface requests data from the user and automatically selects a valuation function identified from the inputs. This function is one of the many such functions produced by the training process described in Fig. 5. The function applied to variables from the subject property computes the raw valuation figure. The raw figure is supplied to a second process that adjusts it to reflect changes in demand side trend.

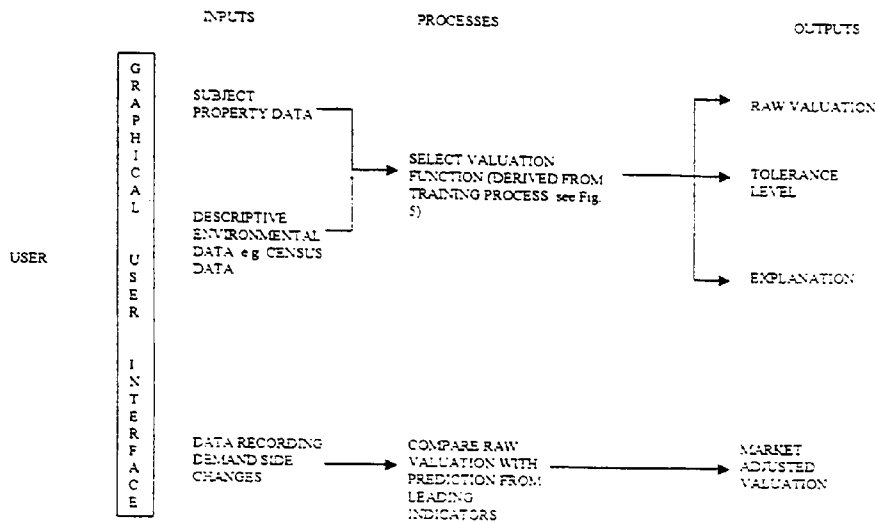


Fig. 8. The 'raw' valuation output of the valuation process becomes an input to the 'market awareness' process.

Alongside the raw figure of value is a tolerance level for the prediction together, ultimately, with an explanation of the network's reasoning.

### 5.3. Epilogue

Our first working hypothesis was that useful models for the estimation of house value are likely to be complex. This has been confirmed by experience. The development of computer-based models to date seems to have been the preserve of academia. This should not be surprising given the artificial but real division between theory (universities) and practice (professional practitioners). Perhaps just as unsurprising (for the same reasons) practitioners have been reluctant to embrace such models despite the partnership nature of the proposals. If practitioners are unable to trust computer-based partners, perhaps the time is right for some friendly competition to demonstrate their usefulness.

While the intelligent system described here in outline remains a little way off (the research has not even begun to explore the potential contribution from other disciplines) the cumulative impact of the developments described above promises to increase the appraisal capacity of existing systems substantially.

It is proposed that a series of appraisals are conducted 'in the laboratory' to compare the results obtained by a professional valuer using the traditional technique (though without prior knowledge of the tentative transaction price) and the far-from-intelligent systems built to date. The objective is to demonstrate the usefulness of intelligent systems to humans and not the other way around – yet.

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# **A Comparative Study of Residential Valuation Techniques and the Development of a House Value Model and Estimation System.**

Report Submitted to the Economic and Social Research Council  
in Respect of a Realising Our Potential Award

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**A Comparative Study of Residential Valuation Techniques and the Development  
of a House Value Model and Estimation system**

**Summary**

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Mr O.M. Lewis and Mr N.I. Almond**

## **Introduction**

This report aims to recognise weaknesses in current residential appraisal practice and to identify potential solutions. It therefore focuses on the methods and practice of surveyors. An analysis of valuation methods was gained from

- observations of practising valuers undertaking residential appraisals
- a series of scheduled meetings with a team of highly skilled valuers and
- an extensive literature review of current UK practice.

In addition to existing methods, an examination of proposed alternatives was undertaken and consideration was also given to the practice of valuers in the context of the supply of residential valuation advice.

## **Valuation Method**

Mortgage valuations are undertaken almost exclusively using Direct Capital Comparison (DCC), which has an identifiable basis in known cognitive techniques. DCC has strength in that it focuses the decision maker on known quantities i.e. earlier transaction prices.

DCC requires an adequate supply of comparable data, but data availability and quality is poor. Given the critical nature of data in the process, we suggest that current practice is deficient and will continue to be until a nationally managed database is available.

Furthermore, transaction data is often fragmentary and uncertain. Evidence suggests that valuers tackle this uncertainty neither by explicitly assigning probabilities nor by using fuzzy calculation software.

Furthermore, experienced valuers often dispense with a formal database search and select transactions from memory. This process may result in systematic errors as factors which should affect judgement are ignored. Valuers are unaware of problems such as insensitivity to prior probability, predictability and sample size; illusions of validity; and misconceptions of regression, which are inherent in such processes.

In relation to the analysis of data, while texts describe a formal adjustment “grid”, this process was not observed in practice. Rather, we witnessed a subjective process which ran the risks that some of the attributes were missed or mistakes made in calculation. Software developed for the project demonstrates how this process may be automated and systematic errors removed.

Following analysis, valuers formulate an opinion of open market value (OMV). We observed that

- this stage is poorly articulated, with little guidance for practitioners.

- the transaction price is revealed to valuers. This influences them, creating a tendency to *prove* the transaction price. We prepared data for 104,254 sales and remortgages and discovered that in 68% of all transactions, price and value were actually identical (i.e. to the nearest pound), while 89.5% of valuations fell within 5% of the transaction price. The percentage of exact matches in *sales* is likely to be even higher. The formulation of open market value required by the Royal Institution of Chartered Surveyors (RICS) is clearly compromised in practice. Transaction price should be withheld from valuers.
- several aspects of DCC fuel inflationary tendencies.
- valuers do not monitor macro-economic trends explicitly. Instead, there are a variety of inferences about the level of market activity, which are misleading in terms of sensitivity to general market “break points”.

In relation to valuation method we also note:

- a tendency to focus on the supply side of the market, i.e. on the “bricks and mortar”
- little effort applied to formalising a coherent structure of attributes in the valuation process
- under-development of data models
- an absence of leading indicators which would act as a warning of unsustainability in markets.

We conclude that the current appraisal paradigm, standing alone, is unsuited to the task demanded of it.

### **Alternative Techniques**

The profession has proved resistant to alternative techniques. However, given

- the effect of revealed transaction price on valuations and
- the essentially black box nature of the current formulation of value

evaluations of non-traditional techniques which point to the superior performance of the traditional method must be re-assessed.

We tested various alternatives using the same dataset and concluded that Artificial Neural Networks (ANNs) outperform Multiple Regression Analysis (MRA), and that the performance of ANNs would benefit from an expert system “front end”.

Past research using ANNs has been confined to data acquired from single homogeneous areas using limited property attributes. In order to create a generic solution, it was necessary to apply networks to non-homogeneous areas and extend the depth of attributes.

In a 2 layer approach, an unsupervised network was used to establish classes within a heterogeneous dataset and the boundaries of the classes were identified. The resultant outcomes were fed into conventional networks. An average increase in prediction

accuracy of 10% was achieved using the new method over the conventional approach. The unsupervised network “layer” could be applied to subsets of the data to create even more accurate sub-models.

The next step was to refine and extend the attribute information by using average house value to rank neighbourhoods, and Census data to act as a surrogate for an area’s wealth. Both approaches show early promise, yielding an improvement of 8% in valuation ability.

Classes revealed using the unsupervised network identified rules that describe which sub-model can best predict the value of a similar property. Though at this stage the rule base developed is somewhat crude, the potential for ‘human-readable’ neural network modelling is exhibited.

### **Valuation Practice**

Lenders control the market for valuation advice and valuers are under pressure to select evidence which “proves” the transaction figure or, worse, manipulate evidence to facilitate business.

Furthermore, the substantial involvement of lenders in estate agency has brought about a situation in which the lender may now advise both the vendor and the purchaser in the same transaction. The absence of checks and balances gives rise to the risk of collusion, with additional risks in a rising market.

A recurrence of market conditions similar to those which pertained in the late 1980’s would today encounter the same technical basis for valuation. The definition of value, OMV, exacerbates the situation and its remoulding as an “Estimated Realisation Price” (ERP) is proposed.

The risk of amplifying the boom-bust cycle remains. Furthermore, lenders appear to have no incentive to address the problem:

- their sensitivity to strong cyclical movements would appear to be negligible
- estate agency and valuation businesses are profitable.

It is undesirable that

- a purchaser in the “single largest purchase of a lifetime” receives only vicarious advice, has limited legal remedy for negligent valuation advice and is unprotected against unforeseen falls in the value of the asset.
- the independence of firms of surveyors should be compromised.
- the cost of housing transactions is swollen by two sets of valuation “middlemen”, often both in the control of a single lender.

Given the vested interests of parties in this process, we suggest a government sponsored independent enquiry to address an issue which goes to the heart of the UK's economic performance and has significant social consequences.

**A Comparative Study of Residential Valuation Techniques and the Development  
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## Background

The social and financial consequences of the house price collapse of the late 1980's induced research into the structure and interpretation of housing markets. The research seems to have been conducted separately in three fields: real estate appraisal, housing economics and behavioural psychology. There are few grounds for believing that a synthesis of these various research strands within an holistic framework is imminent.

The real estate research tends to focus on the housing supply side. It is concerned with measurement of the attributes of property that impact value. It looks first to transaction data or practising real estate professionals or, less often, purchasers. This research tends to be spatially disaggregated and particularly concerned with regional and sub-regional markets. Theoretical development is weak. Research effort has tended to focus on the application of new statistical models and on the transfer of new technologies into the domain. The fruit of this research has been a recognition of the requirement for "*further experimental work*" (Cooley et al, 1994) given that there is "*considerable potential for new research*" (Bullen and Jones, 1994).

The economic research tends to focus on the demand side. In the UK, it is more concerned with national aggregates, institutional and policy considerations, and international comparisons. Theoretical development is stronger and concerned with non-stable paradigms, though considerable emphasis is placed on measurement. In the United States (US) there has been significant research into the determinants of house prices. Yet there is a parallel recognition in this field of the weakness of existing models (Mason and Quigley, 1996), while Stephen Malpezzi suggests a new research agenda for housing economists (Malpezzi, 1996).

Research within behavioural psychology has focused on the impact of environmental stimuli on the enjoyment of space, though "economic psychology" has been concerned with measures of housing preference and choice and the relationship between them. If early research tended to be quantitative there has been increasing emphasis on qualitative methodologies. One aspect of future research will be the development of integrated theory to guide research (Sundstrom et al, 1996).

In addition to academic research, following the house price collapse numerous financial institutions began to take a fresh interest in valuation practice. Much of the effort was channelled into systems development. Among them, an anonymous Building Society was prompted to develop a more robust valuation model and a more detailed valuation database. Each property in their database has up to 30 attributes that relate to value. The findings of this report are based in part on this data for the years 1990 - 1994.



Continuing interest in the field has been stimulated by the perception that valuation professionals were largely at fault for the house price collapse, fuelled by the large numbers of cases brought against chartered surveyors for negligent valuation advice (Mason and Rice 1996).

Preliminary hypotheses are that

- each of the research areas will provide insights into the development of house value models in the medium term, especially if inter-disciplinary research becomes the norm
- valuation methods were a contributory cause of the house price collapse
- traditional methods of valuation need refinement and restating
- functions of house value may be derived, assigned or revealed
- alternative methods should supplement the traditional approach
- expert systems fronting neural networks are one key to improved valuation accuracy.

### Objectives

The research wishes to contribute to a social objective:

- the identification of unsustainable growth in house prices.

Insofar as such effects as price gazumping, mortgage repossessions and negative equity may be ameliorated by technical means, this report aims to recognise weaknesses in current valuation practice and to identify potential solutions.

As a consequence, the research starts not from a theoretical or even empirical treatment of house prices, but from the practice of surveyors. In addition to direct observation, an extensive literature review examined practice in the UK. The review pointed to weaknesses in

- appraisal methodology
- appraisal teaching
- professional guidance and
- appraisal practice.

These are documented in the *Results* section below.

The study's initial aims were:

- a critique of existing and proposed residential valuation techniques, including direct capital comparison (DCC), multiple regression analysis (MRA) and hedonic price indexing,
- a review of decision support software and the representation of sample valuation heuristics within a prototype,
- an empirical analysis of various neural network paradigms and
- a demonstration of the potential of combining expert database systems with optimised neural networks.

The initial three-year proposal had as further objectives:

- the development of a holistic house valuation model,
- the development of prototype estimation systems,
- the translation of neural network "reasoning" into a more human-readable form and
- the review of house price indexation methodologies.

## **Methods**

A substantial literature review was undertaken which has informed comment on current UK valuation methods and practice.

An analysis of valuation methods was gained from observations of practising valuers undertaking residential appraisals and from a series of scheduled meetings with a team of highly skilled valuers (sharing hundreds of years of professional experience) in which knowledge was distilled for the development of a prototype valuation system.

Systems analysis was undertaken to demonstrate how aspects of the appraisal process might be automated.

Transaction data was analysed to demonstrate a relationship between revealed transaction prices and valuations.

Various multiple regression and neural network analyses were applied to a house price dataset. Originally, an unsupervised network was used to establish classes within a heterogeneous dataset and the boundaries of the classes were identified using the Gamma Test. The resultant outcomes were re-introduced to back propagation

networks.

## **Results: Summary**

A bibliographical database was produced to provide a useful starting point for those interested in furthering research in residential appraisal. At publication, there were 805 entries.

The practice of professional valuers was identified as a contributory factor in the house price collapse of the late 1980's. Deficiencies in the accepted valuation method are established. The lack of checks and balances in the provision of residential valuation advice is also recognised as a factor in the failure of professionals to devise early warning signals of over-heating housing markets, both local and national.

A series of recommendations for residential valuation practice is produced for consideration.

Sample valuation algorithms are provided within an Access™ database, which is capable of enhancing quality in the appraisal process.

Neural network analysis demonstrates potential for the development of generic networks in the appraisal of residential property. In particular, the proposition that separating properties into homogeneous groups (using unsupervised networks) would enable more accurate value prediction to be facilitated proved to be well founded.

The development, in prototype, of an expert system front end to the neural networks responsible for house price evaluation helps overcome one of the major disadvantages of using neural networks, their inherent black box nature.

## **Results: Detailed Findings**

### **1 Valuation Method**

The method applied by valuers in the appraisal of residential property for mortgage purposes, Direct Capital Comparison or DCC, has an identifiable basis in known cognitive techniques. It has strength in that it focuses the decision-maker on known quantities, earlier transaction prices revealed in the market place. These transaction prices are clearly reflective of the influences that impact any particular market.

However, in applying the techniques, valuers

- avoid explicit treatment of many of the factors which determine transaction prices
- encounter uncertainty which they do not deal with explicitly
- fail to fully apply accepted techniques described in fundamental texts

- are open to pressures which tend to undermine the process.

Furthermore

- housing markets are inefficient (Barkham and Geltner 1995) and prices are affected by the psychology of buyer and seller (MacLennan 1982) as well as by the agents involved in this process, estate agents (Evans 1995) and valuers themselves
- appraisal techniques contain biases and valuers are not trained to be aware of them.

Most residential transactions require financing. Most financing is provided in the form of a mortgage. Mortgage valuations are undertaken almost exclusively using DCC.

The appraisal process comprises an inspection of the property and a valuation. Mackmin (1994), the principal UK text, suggests that valuation by DCC can be broken down into four steps:

- *Select comparables*
- *Extract, confirm and analyse comparable sale prices*
- *Adjust sale prices for noted differences*
- *Formulate an opinion of open market value for subject property*

The first step, that of *comparable selection*, requires an adequate supply of comparable data and the identification of the most useful transactions to substantiate the opinion of value.

The first problem is the lack of available data and poor data quality and consistency. Practising valuers rely on their direct experience of transactions or on information supplied informally. Unless the valuer is part of a large organisation, access to sufficient data is a constant problem. Even as part of a large organisation, however, we observed that valuers are often faced with little relevant data. Inconsistencies and incompleteness in the data set underline the requirement for a national, managed and available alternative. Government, consumer and professional bodies should be engaged in its specification.

One alternative is the development of commercial databases of comparable sales data, suitably anonymised. Crockham (1995) describes the problems associated with such databases in the US and suggests that valuation accuracy is suffering. In the absence of regulation, the American experience may be repeated with unfortunate consequences.

Meanwhile, valuers have often to deal not only with too few transaction records but also with fragmentary, uncertain and probably incorrect data. There is no evidence that valuers tackle this uncertainty by explicitly assigning probabilities or confidence factors to the range of potential outcomes or by the use of fuzzy calculation software, capable of modelling subjective probability functions.

From our observations, the experienced valuer's knowledge of an area is such that they may even dispense with a formal search of the comparable register or database and select transactions from memory directly for inclusion in a comparable list. Experienced valuers also appear to look for and remember *transactions* which are representative of a class of properties. Valuers are observed to use a "good" comparable repeatedly.

This suggests that valuers may estimate the frequency of transactions in a class, or the likelihood that a transaction is valid by the ease of recall, the availability of transactions. Kahneman and Tversky (1973) demonstrated that while this estimation procedure is valuable, it results in systematic errors. In relying on the past transaction, other factors that should affect the judgement are ignored. Kahneman et al (1982) detail insensitivity to prior probability, predictability and sample size, illusions of validity and misconceptions of regression in such processes.

Valuers are not aware of these problems and we found no reference to them in professional guidance notes or educational material.

In relation to the next steps in the valuation process, "*Extract, confirm and analyse comparable sale prices and Adjust sale prices for noted differences*", we discovered that while text books in the UK and US described a formal adjustment "grid" for systematic analysis of transactions, a process which is regulated and adhered to in the US, we did not witness the formal process in use by valuers in the UK. We identified a subjective process that ran the risk that some of the attributes are missed or that mistakes are made in calculation. The problem in disputed cases is that the mechanics of this process are often not recorded.

Software developed for the project demonstrates how this process may be automated. Using standard database techniques, the software automatically selects those comparable properties with the greatest numbers of attribute matches. The end user can further refine searches. Transactions are automatically smoothed using house price indices. Adjustments for other attribute differences are entered manually and calculated by the system. The outcomes are a valuation range deduced from the adjustment process and a value estimate based on the closest match. All calculations are written to file. The potential for bias in the selection of comparable data is reduced.

While we identified several useful heuristics within the valuation process, anticipated representation of sample valuation heuristics within the prototype was satisfied within the data model: rules elicited are simple, and reduce to tests for the presence (or value) of attributes alone or in combination (case statements). Where once expert system shells would be used interfacing to data, most database development environments

give ample scope for modelling this type of knowledge. Microsoft Access™ was chosen because of suitability and availability.

In relation to the final step in the valuation process, “*Formulate an opinion of open market value for subject property*”, we make three observations.

First, this aspect of the decision making process receives little attention in published materials and according to expert systems research is poorly articulated (Scott 1988). There is certainly little material for the guidance of practitioners. This process is as much a black box as the neural network model.

Secondly, it has been noted by Jenkins (1992) and Gallimore (1994) that valuers use a common heuristic called “anchoring and adjustment”. Jenkins (ibid. p92) describes this process, in which a preconceived figure is adjusted to produce a final result.

Slovic and Lichtenstein (1971) originally demonstrated that in such a process, even when given quite arbitrary starting values, adjustments are rarely sufficient and biased towards the starting figure. However, mortgage valuers do not start with an arbitrary figure. The actual transaction price is revealed to them. This is likely to influence them in the choice of comparables (Wolverton, 1996) and in the valuation decision itself. Rather than approach an open market value in an objective way, there may be a tendency to *prove* the transaction price.

We prepared data for 104,254 transaction records, to compare transaction price and valuation and discovered that in 65% of all transactions, price and value were actually identical (i.e. to the nearest pound), while 85% of valuations fell within 5% of the transaction price. Moreover, the sample contained many transactions where value far exceeded price suggesting that some sort of marital or other settlement occasioned the transaction. Removing these unrepresentative transactions increased precise matches to 68%, while 89.5% of valuations fell within 5% of the transaction price.

Furthermore, roughly 20% of all mortgage valuations are remortgages. In these instances, the transaction price is a borrower’s guestimate of value and not a true price. Given that valuers also know when a valuation request relates to a remortgage, they will likely disregard transaction data in these instances. Given that the dataset includes all transaction types, the percentage of exact matches in property sales is likely to be even higher than the data suggests.

The formulation of open market value required by the Royal Institution of Chartered Surveyors (RICS) is clearly compromised in practice. Transaction price should be withheld from valuers. Furthermore, evaluations of non-traditional techniques that point to the superior performance of the traditional method must be re-assessed in the light of this information.

The third observation is the potentially inflationary impact of DCC. It might be assumed that DCC provided a natural brake on inflationary tendencies because of its backward look at transaction data. However, in a rising market, the anchoring process

will focus the valuer on the highest possible asset price - the current transaction. Good practice requires the valuer to choose the most recent transactions in the comparable analysis, again focusing on the highest prices. This may be particularly true for one commonly used approach (the matching pair approach) where “average” movement in a market is disregarded because a single piece of evidence appears to justify a decision. Such dangers may be reinforced because:

- rising markets are brisk. There may be many instructions and pressure to take short cuts.
- there may be a comfort factor in a rising market - if prices are moving upwards, past potential over-valuations are less of a worry.
- the Open Market Value basis of valuation permits the use of evidence of current transactions at high, but not *provably* inflated, prices without explicit consideration of future price movements.
- despite high volumes, data might be considered dated even before the ink dries on the transaction. In such circumstances, there may be a tendency to give undue weight to asking prices.

From our observations it was clear that valuers do not monitor macro-economic trends explicitly. Instead, there are a variety of inferences about the level of market activity made from the length of time properties remain on the market, the discount of purchase price to asking price, the average number of purchaser visits per sale as well as cues about confidence in the local economy. But this type of data is positively misleading in terms of sensitivity to general market “break points” or discontinuities. The frantic activity observable in the dying moments of a bull market is in itself anything but suggestive of the bear market to come. If valuers sense such risks their re-action to them is poor. Our research leads to the conclusion that the current appraisal paradigm, standing alone, is unsuited to the task demanded of it.

In relation to valuation method in general we noted:

- a tendency to focus on the supply side of the market, on the “bricks and mortar”. This tendency was exhibited consistently in UK textbooks, professional guidance notes and practice. This might appear surprising given that, in the short-term, markets are characterised by inelastic supply. In the US, by contrast, valuations are bound additionally to reproduce information indicative of demand.
- little effort applied to formalising a coherent structure of attributes in the valuation process. One of the wider aims of this research is to examine the set of attributes which valuers should consider in the valuation process and discover how and if classification would assist valuation method. In approaching the question, we have examined many empirical studies and produced a digest of the attributes identified within the major studies along with classifications from the main texts. Given that price is determined by many diverse factors, it would be strange indeed

if the application of a simple comparison grid was sufficient. In fact, the comparison grid, when used, is restricted to adjustments for physical factors. In the US, some forms of neighbourhood analysis sometimes supplement the grid.

Our current hypothesis is that a valuation model will be developed in “layers”, to deal with different classes of attributes. The development of a holistic house valuation model is not imminent. Later we describe a 2-layer approach using different types of neural networks.

- under-development of data models and the absence of databases of sufficient depth to enable good quality analysis. The development of intelligent systems for the collaborating building society was arrested by the absence of a data model.

## 2 Alternative Techniques

The profession has proved resistant to alternative techniques. We considered the case for Multiple Regression Analysis (MRA), Linear Programming, Expert Systems and Artificial Neural Networks (ANN), all of which have been proposed as alternatives or supplements to the traditional approach.

The performance of each of these methods has been much constrained by the absence of good data. We observed that from published studies these methods had been applied using the same restricted supply-side attributes as were common in the traditional method. This constraint is artificial and may be relaxed provided that models are able to deal with the underlying complexity. In particular, Linear Programming and Expert Systems have not received much attention and little empirical work has been undertaken.

In focusing on MRA and ANNs, we made comparisons using the same dataset and conclude that ANNs outperform MRA, we suspect because of the non-linearity in the underlying relationships.

To date, researchers and practitioners have confined their use of ANNs to modelling residential property data that has been acquired from single homogeneous areas using limited property attributes. Each network is thus tightly constrained in its use. In order to create a generic solution, it would be necessary to apply networks to a non-homogeneous area and extend the depth of attributes. The first step was to attempt to identify, from a heterogeneous parent dataset, a complete set of homogenous sub-sets. The Cardiff area was chosen because the database provided adequate records of an area which the research team considered to be heterogeneous in nature and of which we had some prior knowledge.

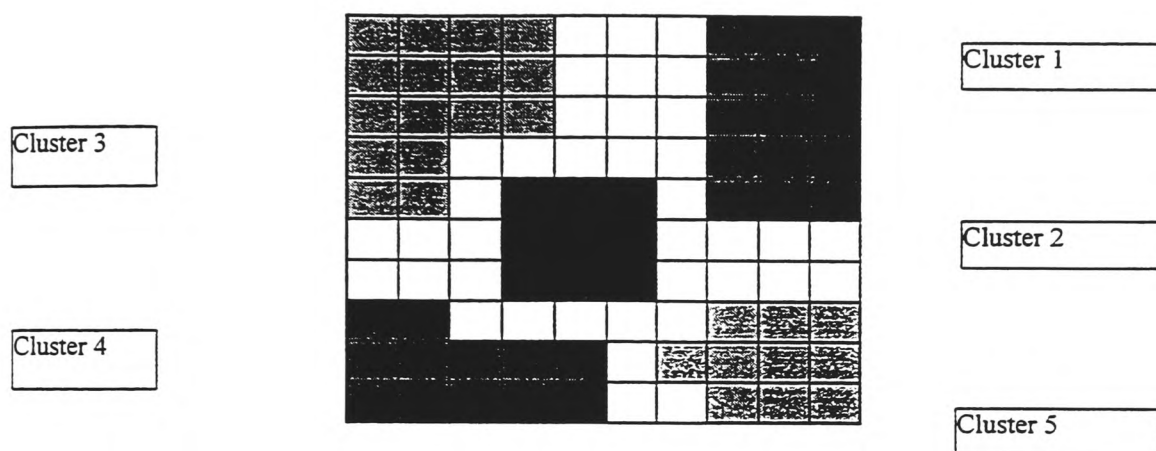
An unsupervised network such as the Kohonen network organises itself in such a way as to represent classes within a dataset. The 2D Kohonen network allow classes to be visualised on a feature map, where similar inputs are spatially clustered. Figure 1 shows an example feature map for a trained Kohonen network.

Although visualisation is possible, it is often difficult to identify the boundaries



between clusters. A second boundary detection method, a recently published variance estimation routine called the Gamma test (Jones, 1995), was adopted, which avoids the potential inaccuracy of visualisation.

In order to provide a benchmark for analysing the methodology, a single back-propagation neural network was trained on the whole dataset and the results compared with those of Evans (1992). Then using the new method, the network was trained and its appraisal ability was tested against known values.



**Figure 1 An Example Feature Map for a Trained Kohonen Network**

Table 1. illustrates the results achieved using the described methodology.

**Table 1 Results achieved for the test set.**

|  | Conventional neural network | Kohonen/ Gamma Method |
|--|-----------------------------|-----------------------|
| <i>Mean Absolute % Difference</i>          | 18%                         | 8%                    |
| <i>% of Records with an error &gt; 10%</i> | 74%                         | 22%                   |
| <i>Minimum %</i>                           | 0%                          | 0%                    |
| <i>Maximum %</i>                           | 310%                        | 49%                   |

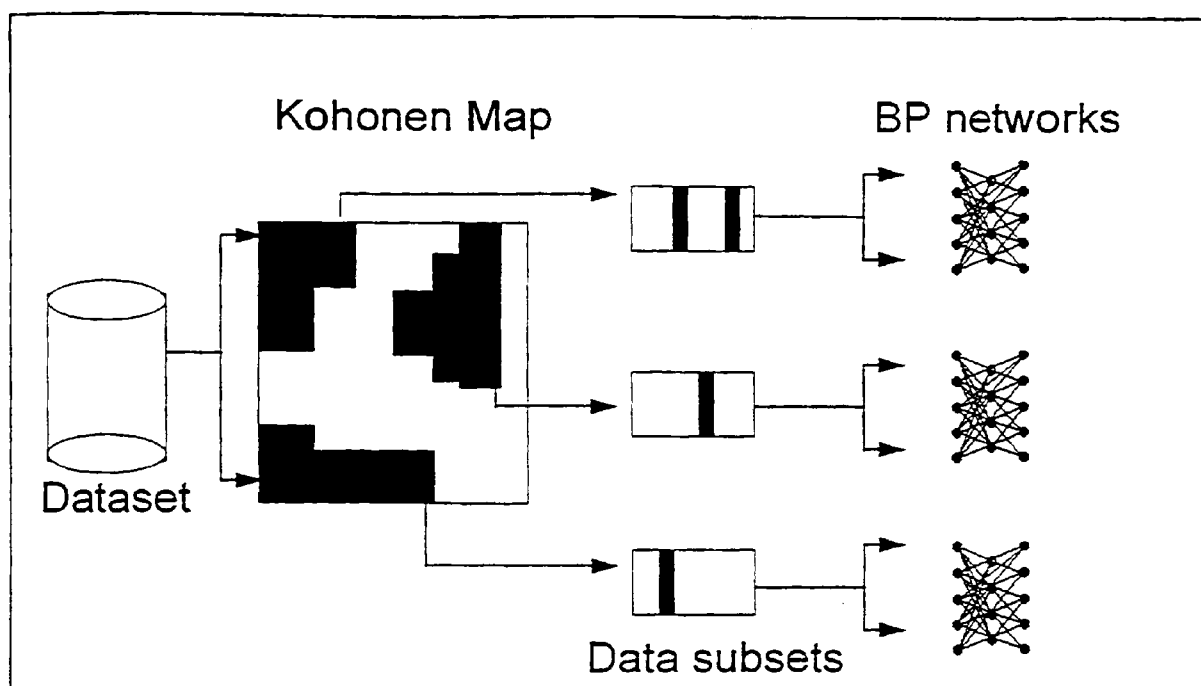
The mean absolute percentage difference is a measure of the difference between the actual property value (from the database) and the value predicted by the neural network model. Also shown is the percentage of records where the absolute percentage difference between the actual property value and the predicted property value exceeds 10%.

An average increase in prediction accuracy of 10% was achieved using the new method over the conventional approach. This implies that the original dataset contained more than one underlying function that could be identified using the Gamma test algorithm and modelled using a suite of back-propagation networks.

Moreover, the Kohonen step can be applied to subsets of the data to create even more accurate sub-models. Figure 2 provides an overview of the process.

The next step was to refine and extend attribute information. The first approach was to use average house value for each district as a method of ranking location. From the results obtained, it was clear that an increase in modelling accuracy can be gained from analysis of averages but it also became clear that more depth needs to be added to the database for results to be useful.

Census data was used to enhance the quality of the database. The rationale for using Census data is the assumption that it contains information that can act as a surrogate for an area's wealth. If true, the surrogate can then be used to enhance the quality of the data used in the valuation process - thus increasing the accuracy of the valuation.



During training, the whole historical dataset is separated (using a Kohonen network) into subsets that are subsequently used to train a series of back-propagation networks. During operation, the Kohonen network is used to determine which back-propagation network to use.

**Figure 2. An overview of the process used.**

Census data is stored at four levels: enumeration district (which contains houses from a district covering several postcodes); ward level; county level; and country level. Using a property's postcode, a handle is obtained to the Census data, facilitating the extraction of all data pertinent to the valuation process. Although in its nascent stage, the work on Census data has shown significant promise (an improvement of 8% has already been achieved in valuation ability, compared with comparable valuations). The current focus of research is to identify the parts of the Census data that will give the best possible surrogate for wealth and thus facilitate the development of a more optimal evaluation model.

One of our longer-term aims is to investigate how neural network models could be made more 'human-readable'. Given the problems associated with direct rule extraction from neural network structure the authors chose to identify rules that describe the decisions made by the Kohonen network as opposed to the predictions made by back propagation networks. It was evident that each sub-model (which in essence represent a homogenous dataset) is constructed using a subset of the features present in the parent dataset. Moreover, this subset of features differs from one sub-model to the next, therefore, rules can be extracted (by inspection of the feature subset) that describe which sub-model can best predict the value of a previously unseen property.

The rule base developed was somewhat crude and in no way describes the full complexity of either the data, or the appraisal process. However, the inadequacy of the rule base is merely a factor of the quality and representation of the data. A more realistic rule base can be constructed on generation or supply of a deeper database. Nevertheless there are obvious links with the rulebase and heuristics used as part of the appraisal process. As such the potential for 'human-readable' neural network modelling is exhibited.

### **3 Valuation Practice**

We considered the supply of residential valuation advice, the environment within which the described valuation method is applied, to see if the ill effects of the comparative technique, in terms of the undue influence of transaction price and the potential contribution to house price inflation, were mitigated. We discovered that rather they were aggravated.

Lenders control the market for valuation advice. In a deregulated market where competition to lend is strong, there may be a presumption that the lender instructing the valuer wishes to secure the business.

Given that the parties to the transaction, having already struck the bargain, are also keen to see the transaction realised, the valuer is given further incentive to focus on the degree of security afforded at the transaction price, to select evidence which "proves" the transaction figure or, worse, manipulate evidence to facilitate business. The property will need to be poor security indeed at the transaction price and the valuation evidence particularly strong before the loan is denied.

In this way, the anchoring process will focus the valuer on the price that satisfies the seller! This is hardly rational in a market prone to periodic inflationary pressure. Ironically, the cumulative effect of method and practice suggests that, while valuers can and sometimes do suffer the opprobrium of lenders, buyers and sellers by insisting that transaction prices are not justified, it appears that there may be less pressure on them so to do in a rising market.

It may be unsurprising therefore to note the lack of development of leading indicators which would act as a warning of unsustainability in markets. The definition of value,

OMV, appears to permit the use of transaction data within DCC even when the transactions represent the peak of the cycle. The remoulding of the valuation as an "Estimated Realisation Price" (ERP) would remove this difficulty.

UK professional bodies missed an opportunity when they failed to adopt such a definition of value when providing the new "Specification for Residential Mortgage Valuation" (RICS & ISVA, IRRV, 1995). A recurrence of market conditions similar to those that pertained in the late 1980's would encounter the same technical basis for valuation. This must be unacceptable on grounds of public policy.

The notion that this market might regulate itself - because lenders are averse to the risk associated with a downturn in prices - is not borne out by experience. Indeed the sensitivity of the lenders to strong cyclical movements would appear to be negligible. Theoretically, substantial increases in defaults by borrowers should affect both the ability of the lending institutions to attract funds at competitive rates and their credit rating. Observations of Standard & Poors ratings do not reveal such sensitivity.

Asset values are simply the total book value of current loans. Given that much of lending at any one time is historical, given too that the borrower has paid to indemnify the lender against falls in value of the top slice of the loan, the risks to the lender associated with negative equity have been largely offset.

The collapse of the "savings and loans" in the US contrasts sharply with the UK where alongside social immiseration caused by house price collapse (and damage to the economy in the form of labour market immobility) we have witnessed the soaring profitability of these institutions.

Furthermore, the substantial involvement of lenders in estate agency has brought about a situation in which the lender may now be advising both the vendor and the purchaser as to value in the same transaction. The absence of checks and balances gives rise to the risk of collusion. There may be additional risks where the valuer gives weight to asking prices in a rising market.

It is less than desirable that a purchaser in the "single largest investment of a lifetime" receives only vicarious advice. The absence of a buyer's valuation report points to a structural weakness in the market. The courts have tried to redress this by placing an obligation on the valuer, and indirectly the lender, to provide a duty of care to the borrower. However, in respect of the value of the property, this duty may be quite limited, an unsatisfactory situation from the consumers' viewpoint.

A situation in which the borrower commissions the report directly from the valuer must be preferable. Alternatively, in lieu of the current "Sales Particulars", qualified estate agents might provide to vendors a valuation certificate which would be suitably underwritten. In either situation, the valuer ought not to be able to escape liability for a negligent valuation by disclaimer; his advice to the borrower would be truly independent of the need of the lender to "do the business"; and the valuers' competence would need to be independently certified.

Two developments would facilitate the removal of this market anomaly. First, the market supplies no insurance product that will protect the borrower against unforeseen falls in the value of the asset. However, in theory there is no reason why such a market might not come into being (Thomas, 1996). Secondly, Section 13 of the Building Societies Act, which applies only to Building Societies, has been almost invariably interpreted by lenders as a requirement that they enter a contractual relationship with the valuer (MMC, 1994). However the legislation actually requires that the lender be in receipt of a written valuation and it is the interpretation rather than the letter of the law which would need to be changed.

From the professional viewpoint, discharging duties of care is not easily reconciled with the level of fee which is paid and hence the time available for the survey and appraisal.

From the institutional viewpoint, estate agency and valuation businesses are profitable.

Although, if risk from cyclical movements is minimised, globalisation produces increased risk to portfolios concentrated within regions or sectors, and this risk is not assessed within the valuation process.

From the consumer viewpoint, housing transaction costs are already considered high. Any increase in costs such as those imposed by the need to have an independent survey would not be immediately welcome.

However, there are three potential mitigating factors:

- the peace of mind for the borrower knowing that all care has been taken in the preparation of the valuation on his/ her behalf and that a clear sanction exists in law in the case of negligence or fraudulent advice
- the transfer of the obligation to conduct the valuation to independent and competitive firms of chartered surveyors and incorporated valuers would ensure that costs are kept to a minimum as would
- the potential removal of one of the valuation middlemen (estate agent or valuer).

Given the vested interests of parties in this process, we suggest a government sponsored independent enquiry to address an issue that goes to the heart of the UK's economic performance.

#### **Future Research Priorities:**

Mr O. M. Lewis is pursuing further analysis of Census and economic data to improve the valuation ability of neural networks in the context of a degree to PhD level at the University of Glamorgan.

A consideration of the content of local valuation knowledge, biases in decision making processes and knowledge elicitation is being pursued by Mr N.I. Almond in the context of a degree to PhD level at the University of Glamorgan.

Time series analysis and the development of a neural network model to identify leading indicators in residential property markets.

Further examination of the market for valuation advice and consideration of business ethics in this context.

Development of a hybrid system for housing valuation based on expert system and neural network technologies, following more extensive data analysis and knowledge elicitation.

An empirical comparison of the traditional valuation method versus "layered" networks in the absence of revealed transaction price.

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# Practice makes perfect theory

Recent correspondents to *Property Week* have suggested that theory should be kept out of the everyday practice of surveyors. This view reflects a widely-held feeling that university-based research is too academic.

The catalyst for the discussion was the publication of an Economic and Social Research Council paper on residential valuation by the University of Glamorgan. Given the findings of that research, it was perhaps understandable that some practitioners would cast doubt on its merits, although its key recommendations were more 'practice' than 'theory'.

The view that theory and practice should be divorced is not one to which I readily subscribe.

The ESRC report indicated that theory and practice are divorced when it comes to residential mortgage valuation. It's time for a reconciliation.

The dual qualification system preferred by the surveying profession – an academic degree followed by a period of professional training leading to associate status – has undoubtedly contributed to the situation.

The idea is that graduates take the theory learned at degree level and develop this in practice through continual on-the-job learning.

However, it is a shared experience that professional practice does not have much in common with the initial theory. At the same time, academic

understanding of professional practice is poor, and it is not understood how theory is modified in practice.

Ask a practitioner about practice and the chances are they will not be able to tell you exactly what they know. The professional world is characterised by tacit judgments, often made under pressure and without much forethought.

The development of knowledge and ideas should come from practice and academia. The typical route for such development is the academic criticism of practice. Perhaps it is time for practitioners to cast light on the shortcomings of academics.

Donald Schön's book, *The Reflective Practitioner*, provides an insight into how to gain a better understanding of professional practice. He suggests that practitioners should think about their work during, and after taking decisions.

Practitioners already consider their actions, although this is often unplanned and half thought-out, given the pressures to provide a decision. What is required is the time to allow conscious reflection to take place – through which it may be possible to gain a better understanding of the decisions being made.

This is difficult to organise in the busy workplace. The Dearing Committee's report into higher education recommended a programme of lifelong learning. This has been

recognised by professional surveying bodies in the form of the CPD, which provides a useful platform for firms and individuals to engage in what could be termed 'corporate reflection'.

Disseminating the outcome of this work into the wider community will serve the profession well. By gaining a better understanding of practice, it is possible for practitioners, academics and professional bodies to work together to develop degree courses which better reflect practice rather than hang on to old 'academic' theories.

The starting point for the University of Glamorgan research was that much 'old' theory is weak. This conforms to Dearing's suggestion that there should be more sandwich-style degrees to provide undergraduates with a more practice-based awareness of a surveyor's work.

It is said that you can't teach an old dog new tricks. Change is often resisted because practitioners conform to the status quo – this is as true of academics as it is of professionals. To improve the quality and level of service provided to clients, practitioners and organisations must learn from experience. This requires the marriage of sound theory and practice. However, if the theory should be kept out of practice, perhaps its time to put the practice into theory.

NIGEL ALMOND, CENTRE FOR RESEARCH IN THE BUILT ENVIRONMENT, UNIVERSITY OF GLAMORGAN



# Sound valuation evidence?

Almond, Stuart Gronow and David Jenkins

**The Viewpoint comment in the last issue of The Valuer referred to research at the University of Glamorgan (Gronow et al, 1996) that suggested that the tentative purchase price agreed between the parties to a residential sale should be withheld from valuers.**

Viewpoint concluded with the opinion that "reference to the price paid should be made when preparing mortgage valuation reports", and quoted the Banque Belge pour le Commerce (BBL) case (1994) as authority:

In the context of the Glamorgan research, this is misleading. Furthermore, research, funded by the Economic and Social Research Council, did not make a single suggestion in isolation but has proposed, among other things, a more comprehensive reform of the management of valuation evidence designed to improve the situation for practising valuers.

To begin with, there is a clear distinction to be drawn between a realised price and a tentative price. Residential transactions are almost exclusively formed using direct capital comparisons (DCC), the very strength of which is that it uses the valuer on known quantities; previous transactions in the market place. The guidance in this respect is provided by valuers in the new Red Book, which states under Guidance Note 1.14 that "... the reliance of actual transactions is at the

heart of the formulation of valuation figures as it provides the valuer with hard facts quite independent of his own opinion" (RICS, 1995).

Evidence of previous sales of the same property, the subject of the BBL case, should of course be used. The BBL case is authority that in performing a valuation, the recent marketing history of the subject property is potential evidence as to market conditions, and that a valuer is considered rightly negligent for failing to note a very recent sale of the same property. In fact, such guidance is also enshrined in the Red Book as Viewpoint makes clear.

The Glamorgan report, however, is suggesting that the tentative price in the current transaction, not the previous price of the same property, be withheld from the valuer. In fact, the Red book has something to say on this as well. Guidance Note 1.14 (C) states that the views of the buyer and vendor should be given "cautious weight" as "their concerns have not been translated into fact". While this statement mainly relates to thin market conditions, caution should also be given in other market situations. But why, as Glamorgan suggests, withhold tentative price altogether?

The answer is that valuations may be subject to bias. In the US, Wolverton and Diaz (1996) noted that prior knowledge of the property's tentative sale price might influence the selection of comparables, and impact on the consequent valuation figure. Still in the US, Ferguson (1988) suggested that valuations for lenders were not actual open market appraisals, but justifications of the tentative sale price negotiated between the two parties. The Glamorgan research in the UK had come to similar conclusions (Gronow et al, *ibid*). This research

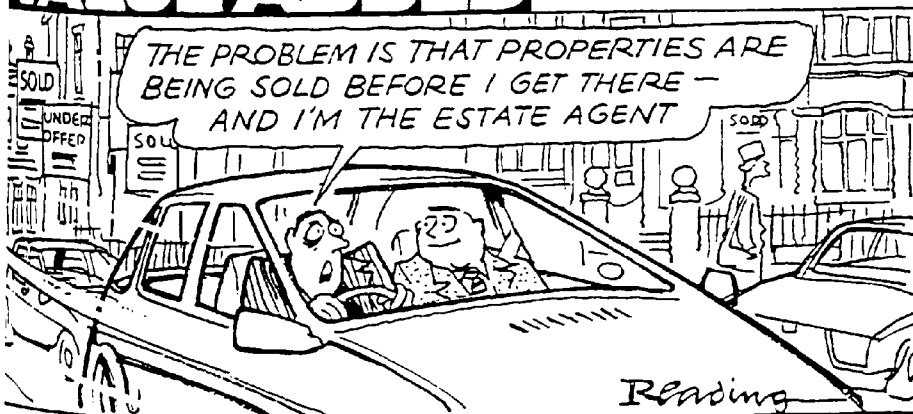
concerned residential mortgage valuers who had been provided with a copy of the tentative transaction price prior to performing an inspection and valuation. Using data for 104,254 approved mortgage transactions in the UK between 1990 and 1994, it was noted that the valuation returned by the valuer equalled, to the exact pound, the tentative transaction price in 65% of cases. Given that the sample still contained both remortgages and sales and that valuers are more likely to disregard borrowers' remortgage estimates, the actual number of cases where value equals tentative transaction price on sales is likely to be even higher. The pursuit of Open Market Value (OMV) has been converted in practice to "justify or refute the tentative transaction price" with justification apparently winning the day in most cases.

This is a dangerous situation. Tentative transaction price in a rising market carries an inflationary sting in its tail, and there are other good reasons it ought not to be relied on with any great certainty in the valuation. For example, the price could involve some form of undisclosed agreement between the parties. In one recent example in our experience £5,000 cash back had been promised to the buyer once the transaction had been realised.

More fundamentally, DCC requires the valuer to seek evidence of previous transactions in the market place, and compare these to the subject property, noting any material differences, prior to forming an opinion of the subject property's open market value. If current practice is placing too much emphasis on tentative price it might be anticipated that insufficient weight is given to evidence of actual transactions and that there would be indications of short cuts in the text book approach to analysis associated with DCC. Such tendencies were also identified by our research.

What are the reasons for these developments? Part of the answer is the dearth of good evidence, especially in thin markets, that make the tentative transaction price so alluring. At the heart of the valuation is data. In the US, appraisers have access to multiple listing services (commercial databanks of information) which provide sufficient information on previous sales: valuers in the UK do not have access to such information. Details of sales held at the Land Registry are not readily accessible and valuers must rely on

## VALUE ADDED



own (or colleagues) knowledge of, or those details acquired through parties.

Unless the valuer is part of a large organisation, access to sufficient data is a significant problem. However, our research suggests that even as part of a large organisation, valuers are not invulnerable. Inconsistencies and incompleteness in data underlines the requirement for a centrally managed and available alternative.

There are two objections to the central availability of house transaction data and is raised by buyers and sellers. The second is the ownership of the data and is raised by large firms who have a competitive advantage.

If data were accessible to professional practices, government agencies and bona fide research organisations only, the first objection would be difficult to sustain. This would be especially true if the data available concerned the assessed market value and not the transaction price. The argument of the large firms is that as they have collected the data, they therefore own it. However, directly or indirectly, they are the buyers and sellers for their

valuation services. It is in the public interest that such valuations are undertaken in the light of all available information.

An associated problem is that of data quality and consistency. The informal sharing of data in the absence of any agreed standards is potentially hazardous, and might give rise to problems of interpretation. Incompleteness of the data in the comparison process is a clear problem. Ultimately, a comparable record should comprise all of the data that was of relevance to the valuation decision. Given the number of attributes that may impact value, such a database will be unwieldy unless considerable care is taken in its definition.

We are persuaded that a national housing appraisal database is long overdue and that government, consumer and professional bodies should be engaged in its specification. It should not be maintained by commercial organisations, as in the USA, where concerns have been made as to the validity of evidence as a result (Crockham, 1995). Perhaps it should be the responsibility of the Land Registry, whose excellent web site

([www.open.gov.uk/landreg/home.htm](http://www.open.gov.uk/landreg/home.htm)) might be expanded to provide an online transaction search system.

The lack of evidence alone, however, is not the only reason for the shift in emphasis from OMV and the traditional adjustment of comparables. The size of the caseload, the amount of the fee and the lenders' need to secure business all has a bearing. In the BBL case, reference was made to reviewing a property's marketing history. That case referred to commercial properties worth millions of pounds. Did the valuer have to perform five similar valuations on the day?

A summary of the Glamorgan research report is available on the internet at [www.glam.ac.uk/schools/sbe/sum.htm](http://www.glam.ac.uk/schools/sbe/sum.htm). For those who still rely on the traditional method, Glamorgan will supply a copy free of charge on receipt of a large self-addressed envelope.

*Nigel Almond is a research assistant registered for a PhD at the University of Glamorgan investigating the impact of local knowledge and behavioural issues in residential appraisal. David Jenkins and Stuart Gronow are supervisors to this research.*

## World's valuers to meet in Amsterdam

The seventh World Valuation Congress is to be held in Amsterdam at the University of Amsterdam's Centre for Investment and Real Estate (SBV) from 25 to 29 June, 1997.

This year's theme, Valuation and Information Management, has attracted valuers from the UK, France, The Netherlands and the USA to probe these areas of vital importance to practising valuers.

The main thrust of the Congress will be an in-depth examination of the management of market information to enable valuers to make better valuations, aided with a study of market information efficiency. The former will

provide an exposition of the range of valuation techniques available to the valuer, and the latter will explore the use of appraisals of individual properties to estimate their individual values, as distinct from their use in aggregate form to estimate the value of a portfolio of many properties, or as an index of investment returns to a class of properties. The problems of smoothing and unsmoothing in aggregate indices and the use of time-varying discount rates in property market valuation will also be covered.

Other subjects coming under scrutiny include plant and machinery valuation, valuation for performance measurement and the interactive role of mass appraisal modelling and geographic information system, where the results of a case study will be presented.

This biennial event is arranged through the World Valuation Congress Trust and is sponsored by ISVA and local

universities, in this instance, the University of Amsterdam. Other sponsors this year are NVM (Dutch Association of Real Estate Agents), BC Assessment (British Columbia Assessment Authority) and Jones Lang Wootton, international real estate advisers.

Appraisers from 25 to 30 countries usually attend, including presidents and senior members of major international professional societies. As on previous occasions, delegates will have an opportunity to participate in discussion groups and workshops.

The registration fee is f 650 Dutch guilders and covers all sessions, materials, receptions and meals. Accommodation and the guest programme are extra. The number of delegates is limited to 150 so it would be advisable to book early.

Booking forms are available from the Chief Executive's Office, ISVA, 3 Cadogan Gate, London SW1X 0AS.

# Applying IT to valuation

Almond, Stuart Gronow and David Jenkins

Over the past decade, a revolution in the use of computers has occurred within the property profession.

Views on new technology are a common theme in professional journals, and initial research may have appeared far-fetched to some, but rapid development in computing has meant that visions have become reality. What does the future hold for the valuer?

Nearly ten years ago, Gronow and Dixon (1987) concluded that in the valuation of residential property for mortgage purposes, technicians would carry out inspections, comparables would be accessed from databases, expert systems would be used for valuations and reports automatically produced on standard forms. Is this fantasy or has it been realised?

A decade ago the profession was sceptical about the use of information technology and technophobia prevailed. Things have changed, and while systems have become more powerful, the cost of the hardware and software has fallen, enabling even the smallest firms to invest in equipment. Despite this, surveyors tend to pay minimal attention to the use and development of IT. A recent study (Dixon, 1995) noted that while larger firms of commercial and residential agents had increased their use of computers, many of the medium sized firms either remained inactive or consciously avoided computers.

Part of the problem is cultural, with the older members of the profession being threatened by computers. In a world where multi-skilled employees are required, professional and academic bodies are slow to provide the new blend of skills. In the UK came late to an appreciation of technology transfer, though it is now well provided for in the Technology Foresight program.

Another part of the problem has been limited investment in the recession. Dixon (1996) noted that "users have lagged on with outdated programs designed for DOS-based machine several years ago", a situation blamed also in part on an aversion to Windows-based packages, despite the ease of use of both Windows 95 and Windows 98 development software.

The larger institutions and government agencies are adopting IT packages, and are continually exploring

new ways in which IT can benefit their work. Office-based systems using databases are already allowing valuers to access management and valuation data. E-mail, especially when used to transfer instructions between offices, is becoming standard.

The latest stage in development is in the use of the Internet, with many institutions and firms now having web pages, and increasing use is being made of "intranets", internal communication systems using internet-like browsers which permit easy access to all sorts of resources behind corporate "firewalls" (software to keep the uninvited out).

Dixon also noted that of those firms that have begun to use IT, many either "had no IT strategy at all, or adopted a 'laissez-faire' IT strategy" (ibid, 1995). While this points to a weakness in the deployment of IT resources, it does suggest that many firms are at least willing to explore the possibilities.

If the first decade of IT belonged to the larger institutions, the emphasis is now moving to smaller firms and one-person businesses. IT is a great leveller, with corporate hierarchies being flattened by technology. While investment in pioneering systems required large-scale corporate financing, the produce of the research and development work point to the benefits of smallness of scale. Systems costing millions to develop are resold at a tiny fraction of their original price in world markets. Above all, systems need people, and in an industry where knowledge is localised, small businesses may be poised for a resurgence, provided they are willing to change. Outsourcing of services is growing in government and business, and the small local valuation firm offering a range of services underpinned by quality assured software would seem to be appropriate.

For all firms, the use of a word

processor and database can help improve the quality of information and service provided. Superior details and reports can be created and a comparables database can reduce the time spent manually sorting through files, enabling data to be accessed almost instantaneously. Garbett (1996) points to the relative ease in which a database can be set up using a package such as Microsoft Access, software that is becoming standard for undergraduates.

So were Gronow and Scott right or wrong? Prof Gronow has fostered continued research in intelligence systems, beginning with expert systems and encompassing expert databases, neural networks and visual programming, including development work in Windows-based systems. The benefits of this research are steadily being realised.

Of paramount importance has been the ability to replicate the actions of the valuer, achieved through "capturing" the expertise used. Rigorously establishing what the valuer does is crucial in developing systems for the valuation process.

A Windows-based system has now been developed which automates the inspection process. Hand-held notebooks can be taken on-site, and the inspection is completed by clicking on appropriate boxes using pen technology, with sketches being produced using Visio express. Photographs can also be integrated in the database.

On completion of an inspection, access can be made to relevant comparables through "querying" the database, and the valuer can then assimilate this information to form an opinion of value. With this information, and drawing on details of the inspection, a valuation report can be produced automatically using standardised paragraphs, with the ability to transfer data to the office by mobile phone.

Continued on page 23



Ray Dennet, a practicing valuer at Halifax Building Society with over 20 years experience and currently registered as a Chartered Member of the Institute of Valuers, has developed a computer library which assists in identifying species of tree the valuer could encounter. When incorporated with data on soil type and proximity of the tree to the building, the system can warn the valuer of potential dangers.

Current research at the University of Glamorgan through a Realising Our Potential grant from the ESRC, is considering the set of value related attributes which should be considered in the valuation process. Incorporation of this information into a system, together with details on the relative impact on value, will enable automation of the valuation process, giving the ability to produce accurate valuations based on the information gathered from the inspection. With widespread development, widespread use of such systems is inevitable.

It is here to stay. In order to ensure accuracy and quality in valuations, there is a need to add "intelligence". While the future development of the profession is uncertain, clearly to remain on the cutting edge of valuation practice requires the ability of valuers to develop a wider knowledge base, including expertise in IT.

Almond BSc (Hons) is a full-time research student at the Centre for Research in the Built Environment, University of Glamorgan. He is investigating the wider set of attributes which affect value, based on an extensive elicitation exercise, to make explicit the valuation process in respect of mortgage valuations. This is part of a wider research programme which is also investigating the use of neural networks, and consumer behaviour in the valuation process. David BSc, MPhil FSWA and Stuart Gronow MA FRICS are supervising the research which is registered for a Doctor of Philosophy.

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# Digesting the Red Book

Brian Grainger

## We conclude our series of simple checklists on the New Red Book.

They are not intended to be read in isolation, but should be used as a map to help you find your way. In the last three issues we have given you Practice Statements 1 through to 8.

### Practice Statement 9

This refers to the valuation of residential properties for mortgage purposes.

Annex A to Practice Statement 9

is the new RICS/ISVA Specification for the Valuation and Inspection of Residential Property for Mortgage Purposes. It applies to inspections carried out on or after 1 January 1996. Minor changes have been made to the previous Residential Mortgage Guidelines principally affecting:

- (a) The definition of open market value.
- (b) The wording relating to contamination.
- (c) The assumptions to be made when the dwelling is leasehold.
- (d) General exclusion of development.
- (e) Inclusion of amount or estimated current level of the service charge.

# Recruitment

## Plant & Machinery Valuer: Intermediate Level - London

Edward Rushton Son & Kenyon Limited, the UK's leading firm of Plant and Machinery Valuers, have opportunities for a valuer to be based in their City office.

The successful applicant will require a basic knowledge of Plant and Machinery Valuations and the factors that affect the various levels of value, and will ideally be someone with 2 - 3 years Plant and Machinery experience who is looking for a more challenging position.

Due to the varied range of instructions, some travel will be involved both in the UK and overseas.

Remuneration will be commensurate with the challenges and responsibilities of the position.

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Local knowledge in the valuation of residential property

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# LOCAL KNOWLEDGE IN THE VALUATION OF RESIDENTIAL PROPERTY

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## Abstract

Local knowledge is considered to be a key factor in the valuation of residential property, or for that matter in the valuation of real estate in general. Following the introduction of the new Red Book in January 1996, local knowledge became a mandatory requirement of valuers in performing their duty.

Despite its importance, little is known about local knowledge. No formal definition is provided, with literature in the field of real estate providing little else, beyond expressing its importance. Research at the University of Glamorgan is currently investigating this issue, drawing on literature in both real estate and other fields. The research is reinforced with empirical data obtained through mail questionnaires, semi-structured interviews and a valuation study.

This paper presents a critical overview of the literature relating to local knowledge, and that of professional knowledge in general, pulling together the research on this issue for the first time. The paper also highlights the research output to date relating to local knowledge. These being, what are the important factors, which make up this knowledge? What limits are there to the areas a valuer will work in? Would valuers work outside their area or not, and what is the justification for this? What are the limits to the transportability and dissemination of such knowledge?

## 1. INTRODUCTION

In determining the open market value of residential property much is made of local knowledge, which is seen as the prime requisite when valuing using the direct capital comparison (DCC) approach (Dennett, 1997). It is this knowledge, which enables the valuer in the presence of limited data, to formulate an accurate opinion of value.

The importance of local knowledge is not a recent issue. The Royal Institution of Chartered Surveyors (RICS), providing guidance to valuers in the White Book (RICS, 1992), stated that valuers, in performing their duty:

*"... must have knowledge and experience in the valuation of residential property in the particular locality." (Valuation Guidance Note 2A).*

Today, this guidance, now enshrined in the new Red Book (RICS, 1995) places a mandatory obligation upon valuers to demonstrate that they have:

*"... in respect of the particular type of property, sufficient current local ... knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently." Practice Statement 5.1.1(a).*

Furthermore, where a valuer does not have sufficient knowledge, assistance must be provided from a person who has.

The significant difference, against the previous guidance, is the mandatory requirement. The change was perhaps inevitable. Prior to the Building Societies Act 1986, independent firms performed most valuation work. The new Act and the rising market changed matters. The larger lenders acquired estate agencies and created subsidiary surveying firms, who provided the majority of mortgage valuations. Following the market collapse in the late 1980's, and reduction in transactions, panel valuations were reduced, and independent firms complained that work they previously performed was now being managed by the in-house staff of banks and building societies and subsidiary firms with limited knowledge of the local markets (RICS, 1993a).

These criticisms were partly subject to the Monopolies and Mergers Commission (MMC) report into the supply of valuations (MMC, 1994). The report acknowledged the criticism of independent firms, but found that this was only a small number of cases, which did not materially affect the advice supplied. However, even today (with new guidance) criticism is still being levelled at mortgage valuers working "out of area" (McConnell, 1997).

Despite, this importance, no guidance or definition is provided in the Red Book as to what local knowledge is. Elsewhere the literature reiterates the importance of local knowledge to practice, but fails to go any deeper. Much of the literature that does exist is in the form of single sentences, or correspondence in the professional journals. So what is local knowledge?

## **2. LITERATURE REVIEW**

The sparseness of literature relating to local knowledge makes forming an initial definition difficult. Given that no matter what area a valuer works in, they must have local knowledge, it could simply be knowledge of the area in which they work. However, there are no limits to the extent of that area.

The Oxford English Dictionary defines "local" as a "place or locality", and refers to this in relation to a particular event, or circumstance attached to it. Further clarification leads to the area itself, being a comparatively small district, as opposed to the country (or state) as a whole. Particular attention is given to Local Government, where local relates to the administrative area of a town or city; this might be a city or even county boundary.

With regard to the "knowledge" component, this is formed from the word know. It is the fact of recognising something; an acquaintance with a fact or certain information; knowing something to be true or not. The definition of knowledge does not limit facts to be written or codified. It could be a mental apprehension, a perception, intuition or other cognition.

### **2.1 THE LOCAL COMPONENT**

Whilst we (the authors) have no problem concurring with the knowledge component, concern must be raised with regard to the word local. Geographers and economists alike have stuck to the use of the term region to describe an area, largely on the basis of "statistical convenience" (Curran and Blackburn, 1994). Both the Nationwide and Halifax house price indices are testament to this. Overall, Curran and Blackburn (ibid.) conclude that terms such as "local market", "local economy" and their variants have been poorly defined, and are difficult terms to form any agreed definition.

"Local" often relates to an administrative area, e.g. a district or county council. Following the reorganisation of local government in recent years, the UK is now divided into counties or unitary authorities. This adds to the confusion of local. Wales, for example, is divided into unitary authorities of varying sizes: the County of Cardiff falls mostly within a 5-mile radius of the City; the County of Swansea in a 10 mile radius of the City, whereas Pembrokeshire largely forms a 15 mile radius around Haverfordwest. A similar situation occurs in England where a 20-25 mile radius is more appropriate in some cases. For television, local relates to a regional level, whilst for radio it is more akin to county level. This shows that there is no uniformity in the application of the term "local", particularly in relation to the extent of an area.

Fesler (1968) drawing on the term "area" as a geographic and administrative concept is critical of the way there is no assumption as to the magnitude of an area. He states that the concept of an area could be further broken down into sub-regions and even sub-sub-regions.

The Appraisal Institute (1994) devotes two chapters to issues in the neighbourhood, district and market area. Whilst each of these are defined, there is an overlap. For example a market area could encompass part of a neighbourhood, or more than one. Miller and Gallagher (1998) refer to economic analysis in the appraisal process, and note the closer (geographically) one gets to the subject property, the more powerful the factors which influence value are.

Pearson (1995) places real estate and land uses on a long continuum, a cemetery lot the smallest, to the world as the largest. In this respect local is a relative term, as espoused by Geertz (1992) who states the earth is local relative to the universe. In the context of this research, local in residential valuation would relate to some area of mainland England or Wales.

In determining the limits to an area a valuer works with regards to local knowledge, valuers have often focussed upon the distance a valuer has travelled. Correspondence pages within many professional journals saw criticism of valuers travelling too far, ranging from over 100 miles (Rhodes, 1994) to as little as 15 miles (Herdson, 1994).

Whilst many valuers place limits, Treays (1994) believes a valuer could value anywhere. However, the authors are aware that in one case, a Building Society requires its panel valuers to be located no more than 25 miles from the subject property. Similarly, Rhodes (ibid.) feels 20-25 miles to be acceptable. This conflicts with the term local as applied for administrative purposes.

The RICS has partially addressed this issue with regard to the Red Book by stating that the emphasis is on meeting the requirements of the manual, which does not limit the geographical area in which a valuer can operate (Anon, 1996). This echoes the views of Grainger (1996), who considered that there is no reason why a valuer couldn't travel 100 miles to value a property if (s)he frequently valued in that area. However, whilst this clarifies the issue of distance, no further issues are clarified. Indeed, Crossley-Smith (1996) states that the onus is placed on individuals to assess whether they are capable of carrying out the instruction.

On the basis that there are no limits to the area in which a valuer works, and the difficulties surrounding the definition of local, the reliance on a spatial connotation in the definition seems somewhat inappropriate, and the need to review the term "local" in local knowledge is long overdue.

## 2.2 THE KNOWLEDGE COMPONENT

Section 3 discusses the issues regarding the acquisition and types of knowledge used by valuers. However, this section investigates those factors important to valuers in relation to their local knowledge.

Mackmin (1994) feels that valuers should have a broad knowledge of their area, which largely comes through previous valuations performed in that locality. For Mackmin, experience is a principal component in knowing an area; factors including radon gas, contamination and hazards such as flooding are things which only the experienced valuer will be aware. Experience is thus a key component.

In addressing the issue of valuers working out of area, Aimes (1997) feels that comparables are only part of the issue. In performing the valuation, valuers should have an awareness of the subject property and its pro's and cons; surrounding properties; the neighbourhood; demand for the particular type of property; national economic factors; and the local housing market, including employment levels.

The courts, in emphasising the importance of local knowledge, have shown that geological influences are important (see *Gibbs & another v Arnold Son & Hockley* [1989] 45 EG 156; *Cormack v Washbourne* [1996] EGCS 196). In *Birmingham Midshires Building Society v Richard Pamplin & Co* [1997] EGCS 3 the judge emphasised the need of a valuer lacking detailed knowledge of the area to make contact with the principle agents in the area. Other issues arising have related to the need to be



aware of the general market conditions (see *Bristol and West Building Society v Christie & others* [1996] EGCS 53; *Coventry Building Society v William Martin & Partners* [1997] EGCS 106).

In developing an integrated residential valuation for the Halifax Building Society, the collection of locational data was recorded at three levels, the neighbourhood, street and the actual plot itself (subject property). In doing so factors which affect a property on one side of a street, or even a particular property can be accounted for (Dennett, *ibid.*). Such information is rarely explicitly recorded as part of the mortgage valuation. If noted, it is done so in a subjective and intuitive process.

According to Jenkins (1992) valuers develop a "feel for the market", which provides an awareness of the structure of values in that market. This is coupled with knowledge of the market, and those factors, which impact on value. Knowledge of the market is important, including social and economic trends; Government policy and incentives; and demand for property (Clegg, 1988).

### **2.3 THE ISSUE OF COMPETENCE**

Competence is an issue associated with knowledge, but is also one related to local knowledge and professional surveying practice in general. Competence is a difficult term to define, and one, which has been debated over the years (Weightman, 1995). For the professional valuer it is a matter of displaying the skill and care of a similar professional, and acting in accordance with professional guidance. Where this competence is in question, legal action often results.

Millington (1994) draws the distinction with regard to Old George in the local pub, who although extremely knowledgeable of the area, is unlikely to be accustomed to the important factors to which the trained valuer is aware. Waters (1996) is critical of those who, despite new guidance, are still providing advice where they have insufficient skills or experience. In this case he warns, a fee has been earned, but at what risk? Indeed, local knowledge is a significant issue with regard to professional indemnity insurance, although there is great difficulty in defining areas, and enforcing such policies (Falcon, 1992).

Few cases exist with regard to local knowledge, other than those noted earlier, where its importance cannot be overemphasised. It is therefore worth noting that the most significant case (see *Abbey National Mortgages plc v Key Surveyors Nationwide Ltd and Others* [1995] 40 EG 130; [1996] 33 EG 88) related to the appointment of an expert witness. On appeal, the judges stated that it was alright to appoint a single expert witness to value 51 properties located across the Midlands, East Anglia, the South, the West and Wales.

The decision caused hostility from some commentators. Murdoch (1996) stated "what price the Red Book now?". Of course, reading the case more closely reveals a different picture. The practice statements and guidance notes for the appointment of expert witnesses (RICS, 1997a) requires the expert witness to have the "*knowledge, experience, qualifications and training appropriate for the assignment*" (PS 3.1). So long as the expert has sufficient local knowledge, or is assisted by someone else who has, (in the absence of such knowledge), there is no reason why any rules have been breached. In any event, the case related to a situation where no expert witness had been appointed. The judge even stated that if the expert felt unable to do a valuation in each case, the decision would be reviewed.

Perhaps the main issue of concern, and one, which applies to practice in general, is what constitutes being assisted by a valuer with such (local) knowledge. Is the assistance someone in the same practice, or merely contacting the principle agents in the area? Furthermore, how much experience (in time) is required before a valuer is competent in an area to provide a valuation?

## **3. PROFESSIONAL KNOWLEDGE**

### **3.1 THE PROBLEM OF PROFESSIONAL PRACTICE**

Understanding professional practice is no easy task. In the valuation of residential property, the valuer's domain knowledge is wide and deep (Scott, 1988). Professionals also rely on tacit recognitions, judgements and skilful performances in the face of problems which are often complex, unique and messy (Schön, 1995).

This is the crux of the problem for Schön, who is critical of the model of technical rationality. According to this model problem solving is made rigorous through the application of scientific theory and technique. Schein (1973) believes the skills and techniques of problem solving come after the mastery of the "core" science.

This division of theory and practice does not travel well in professional domains, for example Surveying, but even more so in the case of residential appraisal (Almond et al, 1997). This division creates further problems; we know little beyond what is known of professional exams and literature on professional socialisation; even less is known about how professionals subsequently learn, and modify their initial training after qualification, including on, and off-the-job learning (Eraut, 1994). However, the reliance on this experience (so-called special knowledge) to justify the existence of the professions is increasingly coming under pressure (Hoyle, 1995).

However, addressing the issue by gaining a broader understanding of practice may be hindered for the following reasons:

- Professionals often do not know what it is they know.
- Professionals may say a factor is important because they believe it is so, yet in reality they give little weight to it (Scott, *ibid.*).
- Professionals may be prone to bias (Jenkins, *ibid.*; Gallimore, 1994).

### 3.2 KNOWLEDGE TYPES

From both a psychological and philosophical viewpoint knowledge is considered in terms of one of three different classes, i.e. "knowledge that", "knowledge how", and "knowledge of people places and things". *Knowledge that* is often referred to as *declarative knowledge*, i.e. knowledge of the world that can be represented as consciously known *factual knowledge*. This contrasts with *knowledge how* (*procedural knowledge*) which relates to how to do something, this is sometimes termed *practical or process knowledge*. The final term, *knowledge of people places and things* is more commonly referred to as *knowledge by acquaintance*, i.e. knowledge of which we are directly aware.

The distinction between *know-how* and *know-that* cannot be overemphasised with regard to local knowledge. These are in essence the essential components. Before even valuing, valuers need to *know-that* certain factors influence value; they also need to *know-how* to do a valuation. In the valuation itself, they need to *know-that* certain factors in the area impact on value; then there is the need to *know-how* they influence the valuation in that particular instance.

Eraut (*ibid.*) highlights the importance of *know-how* or process knowledge, considering it essential to professional practice, yet accorded a low priority in the education system. One such issue, and important to surveyors is the process of acquiring information, yet, this process is often neglected in higher education. It is also important in communicating with clients. However, Eraut is more radical in his views. Taking an holistic approach he suggests the content of learning, as a whole, should accord with the importance of when information is required for the situation in hand. In this respect he cites the situation in which knowledge learnt in a degree is often put into cold storage, and not used till later in the practice situation.

According to Dreyfus and Dreyfus (1986) a practitioner's knowledge is composed of domain knowledge (that which is written in texts) and heuristic knowledge which is more experimental, and relates to good practice and judgement. This accords to what Scott (*ibid.*) refers to respectively as consensus and non-consensus knowledge.

Research into knowledge types within surveying is limited. The most extensive was by Scott (*ibid.*) in the elicitation of knowledge for building an expert system. Work into the knowledge base of the quantity surveyor (RICS, 1993b) generalised the surveyor's knowledge base to consist of general knowledge and domain knowledge. Mole (1997) drawing on the work of Eraut expresses the knowledge and skill of a surveyor to be composed of propositional knowledge, personal knowledge, professional knowledge and moral principles.

However, this is to deny the complexity of the issue. Eraut (ibid.), taking professional knowledge in its broadest sense, highlights that there are a number of "specifically designed clusters" of the meaning knowledge, and provides numerous examples of these. These types cover a wide variety of practice domains, and may not be present in all.

Local knowledge on its own could be said to consist of several different knowledge types proposed by Eraut (ibid.), i.e. personal, public and experiential knowledge. Personal knowledge consists on previous cases encountered and reflected upon, and draws in part on experiential knowledge, that encompasses information gleaned from other sources, including colleagues and contacts. Public knowledge is that which is more generally available to the public at large, through the media for example.

Overtime, and with experience this local knowledge can be considered as action knowledge as it becomes integrated into the individuals practice, and used (or recalled) automatically into use. The problem faced by those trying to understand professional practice is that this important heuristic knowledge is difficult to articulate, to quote Polanyi, "people know more than they can say".

### 3.3 KNOWLEDGE DEVELOPMENT AND LEARNING

Professional learning is often associated with competence. Perhaps the most widely used model of learning is that of Dreyfus and Dreyfus (ibid.) who divide learning into a five-stage process (see Figure 1).

| Stage |                   | Description   |
|-------|-------------------|---|
| 1     | Novice            | Novice learns to recognise objective facts and features of relevance to the particular skill. Rules for determining actions based upon these facts and features are also acquired.  |
| 2     | Advanced Beginner | With practical experience in concrete situations with meaningful elements (that the learner or instructor is unable to define) the advanced beginner learns to recognise those elements when they are present on basis of similarity with previous examples.  |
| 3     | Competence        | The number of recognisable context free and situational elements becomes overwhelming. Learner begins to adopt a hierarchical procedure of decision-making. Through examining a small set of factors (most important to the situation) the person simplifies and improves their performance.                                    |
| 4     | Proficient        | The proficient performer will be deeply involved in the practice situation, and experiencing it from some specific perspective based on recent events. Certain aspects will stand out as salient; others will recede to the background and be ignored. The proficient performer will still think analytically about what to do. |
| 5     | Expert            | Experts generally know what to do, based on mature and practised understanding. The experts' skill is embraced so that they are not aware of it. Much of what an expert performs is continuous and non-reflective, though where situations dictate, deliberation may occur before any action takes place.                       |

**Figure 1. Model of Professional Learning**

Applying the model to practice (for example general practice surveying), can be difficult in that a qualified practitioner might become proficient or expert in certain tasks, yet only at the stage of novice or advanced beginner in others. Local knowledge is a classic example of this. A valuer could be an expert in valuing property in London (their place of work), yet only a novice in Cardiff.

However, the model has its uses in the broadest sense of professional learning. An undergraduate, initially a novice, by the end of the course reaches the stage of advanced beginner, where working towards the APC begins. It is only once the stage of competence is reached and mastered that the para-professional finally becomes a professional associate. Gradually, through further learning on-the-job (and through CPD) proficiency occurs and finally expertise. The stage of mastering proficiency takes a number of years, and is best shown in adverts where a valuer is required with, for example, three years post-qualification experience in a certain area.

For Schön (ibid.) practitioners will bring all their previous knowledge and experience into the current situation, and through a process of reflection, both in and on action, new knowledge is created. The

process of reflection is one shared by Kolb (1984) who views learning as a four-stage process; a *concrete experience* is observed and *reflected* upon, and through a process of accommodation and assimilation, *abstract concepts* are made, which serve to create new concrete experiences through *active experimentation*.

Whilst knowledge is personal, it is also shared (James, 1997). This knowledge could be shared and developed within the firm as organisational knowledge (see RICS, 1997b), or through discussing cases and sharing information with friends and colleagues outside the firm. In this way knowledge, including local knowledge gets disseminated.

### 3.4 TRANSPORTABILITY AND DISSEMINATION OF KNOWLEDGE

Scott (ibid.) postulated the idea that valuation knowledge is transportable. The results of tests using an expert system showed a decrease in accuracy when valuing in Merthyr against Cardiff, suggesting the inclusion of locational data would improve the systems accuracy. Jenkins (ibid.) partially addressed this issue when developing an expert system for council house sales. Valuers were asked to heuristically assign base values to localities, although no local knowledge was incorporated into the system, which was not, by design locationally transportable.

Of course, "local knowledge" is region specific (Truttman et al, 1996), with learning a localised process (Hassink, 1997). Indeed, in the valuation process, what use is knowledge of mining works in the South Wales Valleys when valuing in London? In this sense, every area is *sui generis*.

In relation to the transportability of local knowledge, it is important to distinguish between the knowledge types discussed earlier in the valuation itself. All qualified valuers *know that* certain factors are important in the valuation process and *know how* to value property. This knowledge is transportable.

However, in any particular valuation, a valuer needs to *know that* a factor in that area impacts on the valuation decision (e.g. school catchment area), and then needs to *know how* it impacts in this particular case. This is not transportable, and may take time to acquire. According to Stephenson (1993) panel valuers should have at least three years practical experience in the area. Kelly (1995) suggests a valuer is only competent once (s)he has witnessed an entire real estate cycle, and cites seven years by way of example.

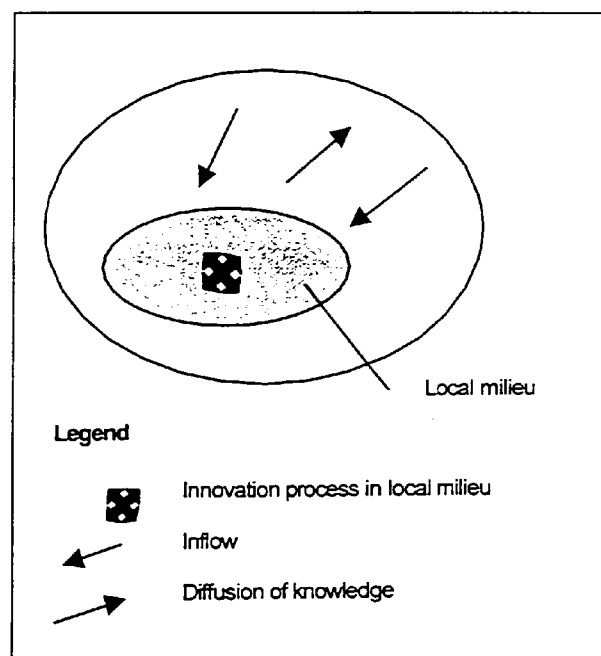


Figure 2. Accumulation and diffusion of knowledge in the local milieu.

Aside from the transportability issue, is that of dissemination (diffusion). If a valuer's knowledge is transportable, how easy is it to acquire this knowledge? Outside the field of real estate more has been

written about the accumulation and diffusion of knowledge. Malmberg et al (1996) investigated the reasoning behind the spatial agglomeration of firms within certain areas. Based on this research they built a conceptual model (see Figure 2).

According to their research, problem solving, the interaction of local firms, and exchange of knowledge through face-to-face contacts leads to innovation within the local milieu. This is reinforced by the barriers to the diffusion of knowledge, which is frequently traded within the local milieu, but rarely outside. Newcomers, with innovative ideas flow in to aid development of ideas; their knowledge from other areas can be applied, and adapted to the different local conditions (Alvarez, 1998). As a consequence there is a greater inflow, rather than outflow. Group networking is a major source of reinforcement (Parker and Handmer, 1998).

In terms of real estate, one of the major barriers to the diffusion of knowledge is its scarcity. Confidentiality clauses lead to evidence remaining within firms, this scarcity creates value. However, this knowledge does not always remain embedded within people or firms. Knowledge is traded as valuers discuss cases with colleagues (RICS, *ibid.*), though it is likely to remain within the local area.

Even within an area there can be problems with the diffusion of knowledge. Butler (1987) noted the inadequacies of communication by "word of mouth". This may change, as advances in the ways of communication could lead to a more rapid dissemination of knowledge over a greater space (Shefer and Frenkel, 1998).

## **4. EMPIRICAL RESEARCH**

### **4.1 RESEARCH METHODS**

The research (to date) has involved the use of semi-structured interviews with four (residential) valuers, one from the public sector, and three from the private sector. Semi-structured interviews were chosen as they provided the flexibility required in eliciting the issues key to the research, whilst also providing the ability to probe deeper into issues which arose during the interviews. Those interviewed also participated in a pilot valuation exercise, in which they were shown a video inspection of a property, and provided with identical sets of information. This includes details of the subject property, a map, photographs, comparable evidence, and details of properties currently available. On the basis of this information they were requested to provide an open market valuation for mortgage purposes.

This research is supplemented with the results of a questionnaire, which was sent to 102 (residential) surveying practices in England and Wales, identified in the 1997 Chartered Surveyors Directory, and from the RICS Residential Property Market Survey<sup>1</sup>. The questionnaire was sent out on 21<sup>st</sup> April 1998. Reminders were sent out three weeks later to non-respondents, and after a further three-week wait, a total of 62 responses<sup>2</sup> had been gained, representing a 61% response rate.

The responses to this questionnaire were from a range of practices spread over England and Wales. The size of firm also varied; 27% were sole practitioners, with a further 44% representing firms with two or three practitioners. The remainder ranging up to 21 practitioners. Similarly the time the practitioners had been at their current practice varied from a couple of months to forty years.

### **4.2 KNOWLEDGE ACQUISITION**

The literature review provided evidence of a limited body of literature on local knowledge. When questioned<sup>3</sup> as to how much professional education (i.e. a degree or professional exams) contributed to their local knowledge, compared to professional practice as a whole, a mean of 1.71 is provided for local knowledge, and 2.565 for professional practice. This is reflected by the fact that 64.5% of responses felt education contributed to local knowledge in the 0-25% bracket, compared to 16.1% for practice as a whole. In two cases a response of "more towards zero" was provided for local knowledge.

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<sup>1</sup> The questionnaire was developed from a pilot, which was mailed to 23 practices in Wales.

<sup>2</sup> Not all respondents answered all the questions; thus the number of responses (N) is given for each situation.

<sup>3</sup> Responses were limited to either: 1=0-25%; 2= 25%-50%; 3=50%-75%; 4=75%-100%. N=62.

Testing for differences, the null hypothesis,  $H_0$  = the mean scores are equal; the alternative hypothesis,  $H_1$  = the scores are different (i.e. education provides little towards local knowledge compared to practice as a whole). A Wilcoxon sign ranked test was performed using SPSS v.7.5, which produced a Z value of -3.568, and a P value <0.1%. On this basis the null hypothesis is rejected, providing evidence that professional education contributes little towards local knowledge, compared to practice as a whole.

This tallies with the responses in the interviews where each valuer indicated that local knowledge is acquired on-the-job, with the degree providing a basic grounding, in what to look for. This perhaps accounts for the lack of literature, and highlights an area where the division of theory and practice is more acute; a greater understanding would be beneficial to the education of undergraduates.

Respondents were also asked how they acquired their professional knowledge from four sources, i.e. professional education (degree, professional exams), pre-qualification on-the-job experience, post-qualification on-the-job experience, and CPD. The results in Table 1 show that professional exams and post qualification on-the-job learning make a significant contribution to practice. However, the mean scores for professional education and post qualification learning mask the real divide. In both cases, few responses exist around the mean, but are largely grouped either under 25%, or 40% and above. The modal values partially reflect this.

| N=58               | Mean  | Median | Mode     |
|--------------------|-------|--------|----------|
| Prof. Education    | 35.9% | 32.5%  | 50%      |
| Pre-Qualification  | 15.7% | 15.0%  | 0%       |
| Post Qualification | 37.5% | 40.0%  | 40%, 50% |
| CPD                | 11.0% | 10.0%  | 10%      |

**Table 1. Sources of professional knowledge**

There is therefore a divide; some practitioners feel education contributes more, whereas another group feels post qualification contributes more to practice. Comparing against the time qualified does not reveal any relationship, and thus tends to dispel the notion that those who qualified most recently (and more than likely undertook a degree) placed a greater emphasis on this education.

With the results showing that local knowledge is acquired largely on-the-job, the question remains how much of this on-the-job learning (pre and post) counts towards local knowledge as a whole. In getting to the nub of this question, it is likely to be only a small part of it. Taking the issue of education itself, the majority of respondents (80%)<sup>(N=55)</sup> felt that a degree should focus on practice. Furthermore, some indicated that degrees applied theory, which in some cases does not relate to practice. There is therefore a need to consider the content of degrees and learning as a whole, in the holistic view suggested by Eraut (see section 3.2).

### 4.3 AREAS WORKED

An initial (tentative) definition suggested that local knowledge related to the area in which a valuer worked. Subsequent discussions showed how "local" is an ill-defined concept when related to an area. Furthermore, in terms of practice requirements, the size of area in which a valuer works is insignificant. Nevertheless, there must be limits to the size of area which a valuer or practice serves.

Respondents to the questionnaire revealed a diversity in the size of area which a practice covered, ranging from a small town or city e.g. Cardiff, extending to a much greater area e.g. South Wales and the English borders. A range of areas also exist in-between. Comparing the size of area against the number of practitioners (in each practice) does not reveal a significant visual correlation.

For all responses, where more than one valuer worked in a practice, the question was asked as to how work in that area is divided<sup>(N=41)</sup>. In 22% of cases work is specifically divided into different areas. In a further 10% of cases work is divided on the basis of the price of property, which may be considered as some form of division within an area. In the majority of cases (58%) each valuer would cover the whole area, with work divided, for example, as it came in.

However, limits do exist to the area covered. In Wales for example there appears a divide, with practices concentrated in either the South, North or Mid-Wales. This can be attributed to the relatively poor communications running between the North and South, but also the less densely populated areas of Mid-Wales. The results also showed a greater concentration of practices covering the south-eastern corner of Wales around Cardiff, where the population is greatest. The M4 corridor also appears to be an influencing factor.

The most common factor limiting the area covered by a practice is that of having sufficient knowledge (31% <sup>N=57</sup>). Cost, time and accessibility are also important issues. Obviously valuations are performed for a fee; the time taken to travel to and from the site, and that of conducting the valuation and producing the report has to be balanced against its profitability. Historical reasons were also cited as to why a practice only covered a certain area.

In some instances business reasons are an influencing factor. In the case of Building Societies, each valuer covers a certain area. The size of area covered may relate to the density of dwellings, and thus likely caseloads. In more densely populated areas such as South East Wales, a valuer may cover a smaller area compared to a valuer located in West Wales, which is less densely populated. Similarly the area covered by a building society valuer is likely to be greater than that of a private practitioner, on the basis that building society valuers specialise purely in mortgage valuations. This is not to say local knowledge is compromised, for building society valuers will frequently value in that area.

The size of area is thus not necessarily an overriding factor with regard to the ability to perform a valuation. Frequency is important, as is the type of market. For example, a valuer in the public sector (covering the whole of the local authority's area), may only be competent to value in particular areas where the council housing stock is located, and not in the areas dominated by private sector housing.

#### **4.4 KNOWLEDGE - FACTORS OF IMPORTANCE**

##### **4.4.1 Influencing factors**

Recipients of the questionnaire were asked to rate, in terms of importance (5=important, 1=not important) certain factors, which were considered as being influential in the provision of more accurate valuations and better advice, compared against valuers working outside the area.

All factors were rated as being indifferent or important on the basis of their mean score (3 or above). However certain factors are more salient than others, i.e. having a database of property values; awareness of demand for property; a knowledge of neighbourhoods and facilities; variations in prices between sub-areas; and local house price movements. The latter four standing out more, with mean scores greater than 4.5, and a range of 3-5 in each case except for knowledge of neighbourhoods with a range of just 4-5. The valuers interviewed also placed a high importance on their database, which not only had details of their own inspections and valuations, but also information gained from other sources.

In this respect, emphasis is placed upon knowing the level of values in an area, and the variations between areas. However, whilst any valuer may be able to pick-up the level of values from speaking to agents, they are unlikely to be able to know which areas to draw comparables from. The interviews revealed that valuers divide their areas up into a number of markets, and further sub-divide these into sub-markets or even micro markets, which may go down to street level. This was highlighted in the valuation study itself, where a valuer immediately disregarded one comparable, as it was not considered to be in a comparable area.

Other factors rated highly, though with a greater dispersion, were an awareness of current plans and developments, and established contacts with "local" agents and valuers. Again, contact with agents and valuer's is cited as important, and clearly a significant factor in gaining evidence, and discussing issues within the area.

The remaining factors all score lower with a wider range and a higher level of scores between 1 and 3 (of limited and no importance), i.e. geological factors; local schooling; poor users and contamination; anticipated closures and financial incentives. The low score for geological influences accords with the limited response of those who actually monitor geological influences in their area. Nevertheless,

geological influences have an impact, with a valuer criticised for not taking this factor into account (see *Cormack v Washbourne* [1996] EGCS 196).

Unlike the questionnaires, the interviews provided a better means of understanding the important components of valuers' local knowledge, i.e. those factors that influence value, which a valuer from outside the area may not be aware of. Examples include the following:

- A valuer new to an area made no distinction between Llandaff and Llandaff North in selecting evidence for a valuation. The River Taff divides the two areas, with the values in each area "poles apart".
- Joining a main road from a housing estate in the rush hour might take over half an hour. This has caused a variation in the values on this estate compared to a similar neighbouring estate, where values are notably higher.

Based on this evidence a model has been developed of the importance of local knowledge in the valuation process (see Appendix 1) highlighting the factors arising from the interviews, which valuers consider intrinsic to an area. This model has been developed from previous research, which classified valuation attributes (Almond et al, 1997).

However, despite having worked in an area for sometime, valuers still do not profess to know everything. Again, this was a factor evidenced in the valuation study, where only one (local) valuer made comment with regard to the suitability (as evidence) of a property which was currently on the market. Acquiring local knowledge is thus a continual learning process.

#### 4.4.2 Information monitored

Consideration is also given to the information practitioners' monitor in their area. This is to ascertain information that is important in knowing, and keeping up-to-date with the state of affairs in a particular area. Respondents were asked firstly to indicate if they monitored that factor (see Table 2), and then to rate its importance.

| Factor monitored |                                  | Score = Yes | Percentage = Yes |
|------------------|----------------------------------|-------------|------------------|
| 1                | Own records                      | 61          | 100              |
| 2                | Others' records                  | 34          | 57.6             |
| 3                | House price indices              | 46          | 78               |
| 4                | Local press                      | 59          | 96.7             |
| 5                | Other estate agents details      | 53          | 86.9             |
| 6                | In-house market levels           | 57          | 93.4             |
| 7                | External (sources) market levels | 51          | 85               |
| 8                | Economic data                    | 29          | 49.2             |
| 9                | Inward investment                | 21          | 36.8             |
| 10               | Planning proposals               | 56          | 93.3             |
| 11               | Demographic data                 | 19          | 33.9             |
| 12               | Geological data                  | 25          | 43.1             |
| 13               | Nuisances                        | 39          | 69.6             |
| 14               | Achieved prices                  | 60          | 100              |
| 15               | Professional journals            | 51          | 85               |

**Table 2. Information monitored by valuers.**

Care must be taken in the interpretation of the results. Where respondents indicated that a factor is not monitored so much (factors 2, 8, 9, 11, 12 and 13) a number of respondents did not answer the second part relating to importance; suggesting that if a factor is not monitored, it is of limited, or no importance. However, in a higher number of cases, a response was provided with regard to the factor's importance, though mostly a low score. This perhaps suggests some confusion in the question, which did not arise from the pilot study.



Of the factors monitored, the valuers' own records, in-house market levels and activity, and achieved prices stand out as the most important (mean >4). Other issues considered of some importance, and monitored highly were the local press, other (estate) agent's details, and planning proposals (mean 3.5 - 4). Other practitioner's records were also considered important. This is a factor, which although not monitored as much as others are, is still considered by practitioners to be important, and highlights the need for greater transparency with regard to valuation evidence.

House price indices (monitored in 78% of cases) were not actually considered to be too important (mean = 3.2). The frequency with which they are mentioned in the press, could well act as a reason for monitoring changes in the area, however, because such indices are wide in their scope, and relate to geographical regions, e.g. Wales; their importance become limited in applying such information in the valuation process. Indices in the past have been criticised in that they fail to reveal localised hot and cold spots. A similar situation occurs with regard to professional journals, which although seem to be read by most, are not considered to be of great importance with regard to providing knowledge of their particular area.

Factors considered unimportant, i.e. economic data, inward investment, demographic data and geological data, were also those which were monitored the least. These factors, which respondents placed values on, despite not monitoring, were largely considered not important to indifferent. However, when considering the scores provided in cases where the factor is not monitored, both inward investment and demographic data were rated as more important, with more considering the factor indifferent, and in some cases important. The same is also true for others' records and nuisances. These results suggest that practitioners feel that such factors should be monitored but do not actually do so themselves. Access to, and lack of transparency with data, could be the reasoning behind this.

The interviews reinforce this view. Besides sales information, the local press is considered a useful source of information. Property sections are useful sources of information, sometimes providing evidence of a property on the market where a "for sale" board is absent at street level. The paper may also be useful in identifying new housing estates on the market, or perhaps other factors, which may impact on certain sub-markets. Keeping abreast of town planning and proposed highways is also seen as important. The usefulness of property journals is not so apparent. Their content does not tend to help in the valuation itself. Similarly house price indices are reviewed, but their use in the valuation process is largely insignificant, again due to their more "global" coverage.

#### 4.5 WORKING OUT OF AREA

Respondents were asked if they would value a property outside their area, if called to do so. Out of 60 responses, 45% indicated that they would. In either event, respondents were asked to state their reasons for the particular response.

The most important reason cited *for not valuing* <sup>(N=34)</sup> out of an area is the lack of knowledge of the area (19). Time (7) is also cited, i.e. that to acquire knowledge of an area and also any evidence such as comparables. Negligence and professional indemnity insurance is also mentioned. Only two respondents cited the mandatory requirements of the new Red Book, which one would have thought is a primary factor. The limited financial reward gained from such valuations is also highlighted, providing evidence that the valuers already work in an optimal area. Service to clients, the ability to obtain evidence and access to reliable information was also noted.

A variety of reasons were cited *for valuing* out of an area <sup>(N=25)</sup>. Obtaining additional comparables (8), making contact with agents (6), and making further research (6) were considered as the most important factors in valuing out of an area; but does this justify seeking advice from others as allowed under the Red Book? Five responded by saying they would only do so if the area were close and comparable, suggesting that there is a boundary in which the valuer is less than proficient, but perhaps sufficiently proficient to undertake the work. Allocating additional time to conduct research is also a factor, so too is client pressure.

Whilst the nature of the question was suggestive of practice, rather than whether they had actually valued out of area, the responses do nevertheless provide some concern that valuers may provide a valuation where they do not have sufficient experience. The provision of the tentative sale price,

reliance on the margin of error principle, and practice of "down valuation" may provide sufficient comfort to valuers to undertake such practice. The ambiguity over the term being assisted by another valuer may also be a contributor factor, as too, the actual definition of local knowledge. Clearly the courts need to focus more on valuation methods. Similarly valuation forms should provide for comparables to be recorded, and room to comment on the property and its environs, as is practice in the US.

#### **4.6 DISSEMINATION OF KNOWLEDGE**

According to the work of Malmberg et al (ibid.) knowledge largely remains within the local milieu, and rarely gets diffused outside this area. Whilst the model largely relates to the competitiveness of firms, it also has application to the diffusion of valuation knowledge.

From the interviews it emerged that practitioners build up networks within the areas they work. It is this network of people who are contacted to gain information on an area or comparables. Therefore, there is no great difficulty in obtaining evidence from others in the area. These contacts are not just colleagues, but also friends. Of course, it is not just a one-way flow, there is a cross-fertilisation, with information supplied on a reciprocal basis. This strongly relates to the "face-to-face" contacts critical in the model.

The model also suggests that information is rarely diffused outside the local area. This is also evident, where one private practitioner remarked that he would give as little information as possible to someone whom he did not know. Similarly, another valuer stated a difficulty in accessing information when covering for a colleague in another area. Although they had worked in that area previously, the contacts had been lost.

The research did however highlight some problems to the dissemination of information even within an area. A situation may arise where a valuer from one firm has to provide a valuation on a property being offered for sale by a rival firm. In such cases it was remarked that the valuer might try to "down value" or stick a spanner in the works with regard to the sale. It was also noted that it is more difficult to obtain information working for a private firm than as an in-house building society valuer. Competition therefore creates a barrier to the transmission of knowledge, and distinguishes valuation practice from the agglomeration and competitiveness of firms to which Malmberg et al (ibid.) relate in their research.

Estate agents are a useful source of information with regard to movements in the local market. They can provide information, for example how long a property was on the market, the asking price, and invariably how much a property sold for. However, caution must be taken with regard to some agents, and all those interviewed stated that they would shy away from, or be cautious of information supplied by certain agents operating in their area. This is particularly important with regard to local knowledge; knowing who to contact, and how reliable the information supplied is could have implications on the resultant valuation. That said, agents contacted to provide information for the valuation study stated they were unable to provide details of completed sales due to client confidentiality. The same would also apply to valuers; which contradicts evidence from valuers. Greater transparency in data is therefore required to improve market efficiency and aid research. Beyond property professionals, local people may also be a useful source of information that saves time searching elsewhere.

#### **4.7 TRANSPORTABILITY**

It is not disputed that valuation knowledge is transportable. The research provides strong evidence to support this, with valuers in both the questionnaire and interviews stating that they had worked in other areas, some close by, others further apart, for example South Wales and London, or Yorkshire and Shropshire. But what are the limits (if any) to this?

The distinction has already been made between *know how* and *know that*, and the transportability of such knowledge (see section 3.2.). With certain information being unique to an area, it must take time to acquire, but how long? Furthermore, as such knowledge is acquired on-the-job, is there a period when a valuer is not competent to value in a particular area?

The questionnaire provided a varied response <sup>(N=59)</sup> to the length of time it takes to get to know an area. Times ranged from just a couple of weeks to 20 years. The most common response is 2 years (with 69.5% of responses indicating a value on or below this time). The average time is 31 months. Those interviewed also varied in their response, suggesting it might take from 3 months to two years. However, one common factor is that of frequency. If valuations are performed more frequently, then it will take a shorter time to get to know an area. Even after this "acclimatisation period", the learning never stops, it is a continuous process.

It is during this acclimatisation period that a valuer's competence may be under question. According to the model of learning (see Figure 1) a valuer new to an area would only be a novice with regard to local knowledge, competence would only come after time. This gap is highlighted more than anything else in the advertisements for building society staff valuers. In such cases competence is a key requirement, thus a valuer working in Wales would be unlikely to get a job in the Midlands, largely because (s)he would be working alone.

However, in other areas of practice the requirement might not be so strong. Whilst general knowledge of a particular market sector might be important, that of the area may be less so. Such knowledge could be acquired on-the-job through time; in the stage up to competence a senior partner will be able to provide suitable assistance, which would not breach the requirements of the Red Book. This is not dissimilar to a graduate working towards the APC. The problem occurs when such assistance is not provided.

## 5. SUMMARY AND CONCLUSIONS

The research has provided a comprehensive and critical review of literature relating to both local knowledge and professional knowledge. This review showed how very little is understood about local knowledge in the valuation process, primarily for residential property. Furthermore, despite its assumed importance in the valuation process, no formal definition is provided as to what local knowledge is.

Responses from the questionnaire as to what practitioners' thought local knowledge is, provided a variety of responses. However, they largely related to statements such as "good hands on working experience" or "good broad knowledge" which are largely meaningless in forming any definition. This is reinforced by the fact that 63% <sup>(N=57)</sup> of practitioners responding to the questionnaire felt that there was insufficient guidance as to what having "sufficient knowledge of an area" means, showing the need for improved guidance to be provided.

The particular issue of local knowledge, as evidenced in the literature available, was examined, from which concern was raised as to the use of the definition of "local". The word local assumes some spatial connotation, and whilst issues surrounding the subject property impact on the valuation decision, a valuer could work in any particular space. Indeed valuers work in disparate areas. Therefore the term local seems inappropriate in the context of the situation.

With regard to knowledge, whilst there is no disagreement with the meaning of the term, consideration must be given to what the knowledge component is. The research identifies that information, rather than knowledge is at the fore of the valuation decision. The distinction between valuers working in an area against those outside the area, are that they have the market intelligence. The local valuers know those factors in the area which impact on value. The knowledge therefore comes in *knowing that* a particular factor is important, where to obtain this information, and apply it to the case in question. It is this distinction which makes a valuer's knowledge transportable. Having the appropriate information is the key to providing an accurate valuation.

However, this information does come straight to hand, it takes time to acquire. The time may vary, but the research shows that 2-3 years is more the norm, this may be less, and certainly if valuations are performed more frequently in particular areas. Of course, after this period the learning continues, and never stops. It is this issue of time, which prevents any particular valuer from valuing in an unfamiliar area every so often, and is the major barrier to the transportability of such knowledge, but one which is not insurmountable.

It is in this period of learning that assistance is required from fellow valuers with regards to local knowledge, though the wording in the Red Book (PS 5.1.1(b)) is ambiguous on this issue, and further clarification is required. Certainly the assistance should come from within a firm, and perhaps limited to the initial period of learning to competence. It should not relate to situations where a professional valuer has to rely on contact with other agents, unless it can specifically be justified in the case, e.g. a building society valuer covering for a colleague where comparables are available internally, but calls made to add weight to the evidence.

Furthermore, with the research indicating that valuing "out of area" occurs in practice, greater attention should be placed on valuation methods. In this respect a greater understanding of local knowledge, and its components is required. The research suggests that unless a valuer has access to the required information, and knowledge of how to apply this in the particular case, then they should not carry out the instruction.

Anthropomorphic factors stood out, particularly from the interviews, as being salient in valuation process; this through obtaining information from others (either fellow professional valuers or members of the public), but also in potentially attempting to damage a sale.

Numerous factors come into play in the valuation decision. Some are more salient than others, but equally the set of factors varies with each decision; no two properties are the same. Given the limited processing capacity of the human brain, valuers create short cuts and even omit certain pieces of information. Local knowledge plays a part. Through this, a valuer can identify those factors of importance to the situation in hand, and disregard secondary evidence. Whilst the valuation may not be accurate, it is sufficiently correct in the context of the situation.

Having criticised the term local knowledge, an alternative term would be logical. Ideally any term should not be spatial, which creates problems. Possible alternatives, such as niche or specialist knowledge, could be deemed as spatial or sectoral, and thus too limiting. There is also a cultural issue. The term "local knowledge" is widely used and embedded in practice. Any alternative may not be accepted or cause confusion. However, this does not prevent further enquiry.

The research has also investigated the acquisition of knowledge. The conclusions drawn from this suggest the need to review the content of degrees, and continuing education throughout practice as a whole. For example, graduates should have the necessary skills to enter into practice, including communication, interpersonal and social skills. This would assist in the ability to contact others for information, and for building personal networks.

This paper provides a greater insight into the issues regarding the acquisition of local knowledge and its content. Further research is required to gain a fuller understanding, which is currently involving further interviews, and a larger valuation study to consider if any differences exist between local and visiting valuers when performing a valuation. Comparison will also be made to similar research in the US (see for example, Diaz, 1988), where differences exist in practice, particularly with regard to the availability of evidence.

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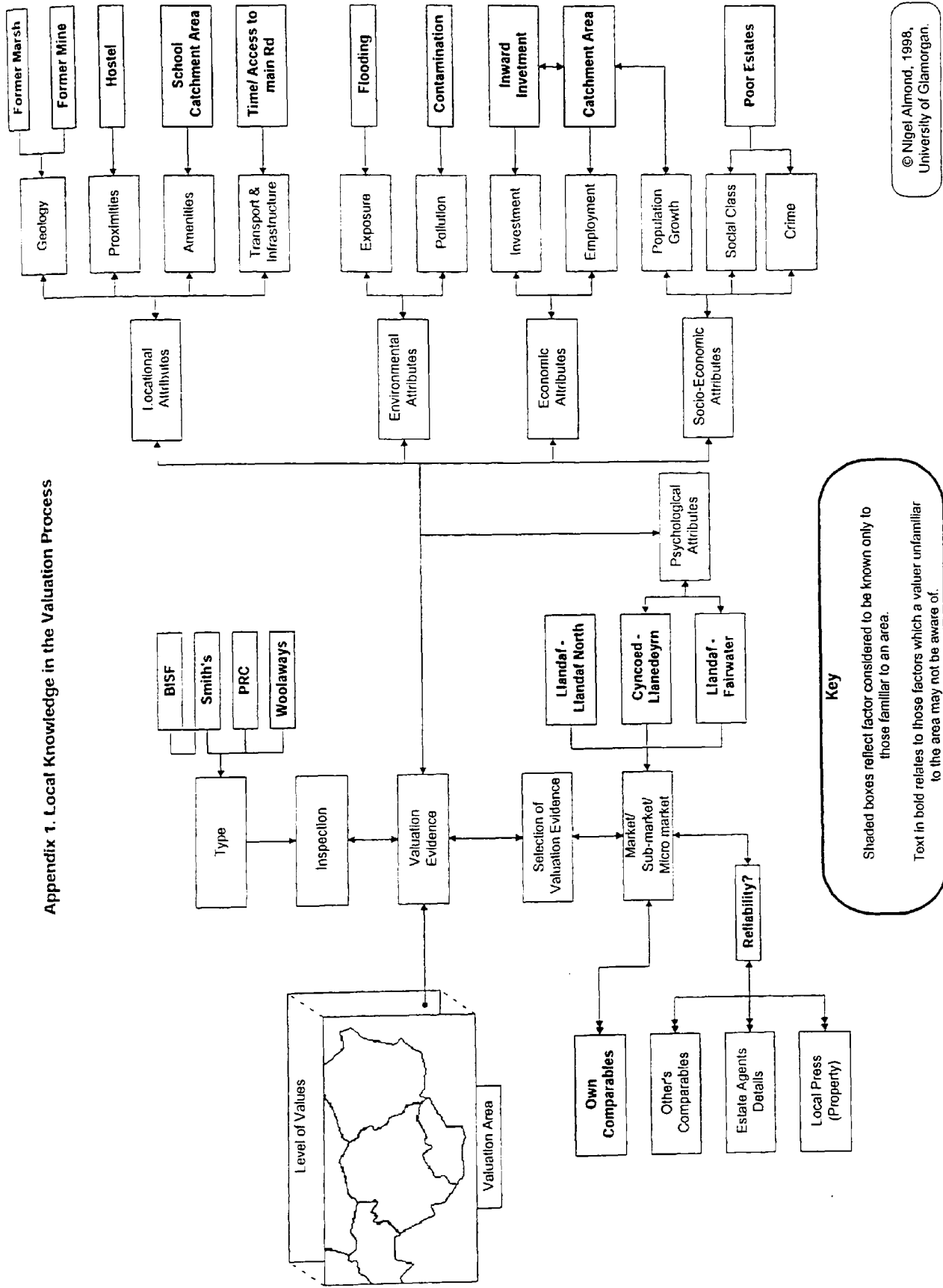
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Appendix 1. Local Knowledge in the Valuation Process



# **Computers in Urban Planning and \_\_\_\_\_Urban Management\_\_\_\_\_**

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# DEVELOPMENT OF A PROTOTYPE RESIDENTIAL VALUATION SYSTEM

Nigel Almond, David Jenkins and Stuart Gronow

## ABSTRACT

The valuation of residential property in the UK is traditionally performed using the direct capital comparison approach, a widely used process, yet one which can be considered as inadequately articulated, relying upon the intuition of the individual valuer in forming an opinion of a property's value. It has further been noted that this process may be subject to bias. In an attempt to improve the valuation process alternative "experimental" approaches have been considered including multiple regression analysis and neural networks. This paper highlights research at the University of Glamorgan in developing a prototype valuation system which attempts to incorporate the valuer's knowledge, involving a wider set of valuation attributes that have previously been defined with the aim of achieving a greater degree of accuracy. Consideration is also given to neural networks, incorporated within the system as an additional tool to the valuer.

## 1 INTRODUCTION

Within the UK the valuation of residential property for mortgage purposes is performed most frequently using direct capital comparison (DCC) in which the value is determined by comparing the subject property to previous transactions in the market place, making any relevant adjustments, to form an opinion of open market value (OMV).

During the past decade the UK housing market has witnessed some dynamic changes which resulted in many homeowners being repossessed, and a significant number suffering negative equity. These changes once again highlighted the accuracy of valuations and led to a review of valuation methods (RICS, 1994) culminating in revised guidance for valuers (RICS, 1995).

This paper does not seek to document these changes. Rather it will highlight the weaknesses still inherent within valuation practice and outline ways through which the use of "intelligent systems" can improve the accuracy of valuations and the level of information supplied to clients in the valuation process.

## 2 VALUATION PRACTICE

The role of the valuer in performing mortgage valuations is generally to determine the OMV of the subject property, as defined in the RICS Appraisal and Valuation Manual (RICS, *ibid.*). In doing so, the lender (e.g. Bank, Building Society etc.) in most instances requires this valuation to be produced on its own form, the level and detail required on such forms

varying between lenders, though all generally requiring details on factors including property type, tenure, accommodation, construction, services and condition.

In most instances, the valuer will use the process of DCC which has a known basis in cognitive techniques. This process has been criticised as being imprecise and ambiguous (Wiltshaw, 1991), whilst Jenkins (1992) considered DCC to be weak and, suggested in this respect, that appraisal texts within the UK "were prone to assume that methods were correct, understood and sufficient". Even today, there is very little for the student and valuer alike. Mackmin (1994), the only text solely devoted to residential valuation in the UK provides just four pages on DCC. In contrast the Appraisal Institutes' 'Appraising Residential Properties' (1994) devotes three chapters to the sales comparison approach.

The valuation process is a simple one, noted by Mackmin (ibid.) to consist of four stages, that of:

1. Select comparables.
2. Extract, confirm and analyse comparable sale prices.
3. Adjust sale prices for noted differences.
4. Formulate an opinion of OMV for the subject property.

Ideally the valuer will seek to find a matching pair, which Mackmin (ibid.) considers to be the very recent sale of an identical property in the same street or on the same estate. However, given the heterogeneous nature of property, and limited number of sales, such a property rarely exists. Consequently the valuer will seek a number of properties, which after adjustment provides the valuer with a range of values within which the value of the subject property lies.

Having selected the comparables, and removed any unrepresentative sales, the valuer will make adjustments for any noted differences. Texts suggest this is to be achieved using a comparison grid, which although rigorously applied in the US, for forms sake, is not noted in practice in the UK (Gronow et al, 1996). A further problem exists in that there is little guidance provided as to what factors require adjustment, with valuation forms concentrating on supply-side data (i.e. bricks and mortar), with little or no attention paid to demand-side (market) analysis.

It is at this stage of the process that very little is understood with regard to valuation practice. Adair and McGreal (1986) note that "valuers stress the importance of experience in the market place which over time produces an empathy for movements in the market and allows the experienced valuer to reconcile differences among comparable sales evidence and so produce an accurate opinion of value", whilst Gallimore (1996) notes that valuations are the product of human judgement.

Cognitive theory points to a number of subjective strategies (generalised heuristics) for problem solving when judgements are required in the face of uncertainty, and particularly when sample sizes are small (Kahneman et al, 1983). Tversky and Kahneman (1974) note that human judgement may be affected by these cognitive processes which may lead to biases, though such processes are often naturally inherent in the subject matter. This is of particular relevance to residential valuation, most especially in England and Wales, where valuers have often to deal not only with too few transactions but also with fragmentary, uncertain and conceivably incorrect data (Gronow et al, ibid.).

Studies in the US have attempted to measure the impact of sale or list price in the appraisal process. Northcraft and Neale (1987) noted that real estate agents were susceptible to use list price in forming their opinion of value. In a more recent study, Wolverton (1996), considered the biasing effect of sale and list price knowledge in the appraisal process. This study concluded that the selection of comparables is biased by the provision of sale price, although the data did not support the same conclusion for list price.

A similar situation has been noted in the UK (Gronow et al, *ibid.*) in which it was noted that of 104,254 approved mortgage transactions, 65% equalled to the exact pound, the tentative transaction price provided to the valuer prior to the inspection and valuation. This figure increased once unrepresentative transactions were removed, and clearly reflects a bias in the valuation process.

Gronow et al (*ibid.*) points to a number of weaknesses in the current approach to valuation in the UK, namely:

- Valuers focus on the supply-side (bricks and mortar), yet when the market price is determined by both supply and demand, they appear to ignore demand-side (market) related factors;
- Lack of structure to the valuation, which makes for subjective rather than objective and explicit judgements;
- Appraisers in the US are required for forms sake to use the adjustment grid process, but in the UK its formal use has not been noted with the risk of missing certain attributes or making mistakes in the valuation;
- The valuation is subject to biases which may lead to inaccurate valuations;
- There are insufficient leading indicators which warn valuers of potential unsustainability of prices in the market.

Given that for many, the purchase of a house is the single largest investment of a lifetime, it cannot be best practice that the buyer should receive such limited advice. Clearly there is a need for better information and advice to be provided.

### 3 ALTERNATIVE APPROACHES

In an attempt to improve the accuracy of valuations, researchers have, particularly in light of developments in technology, considered a number of experimental approaches, initially multiple regression analysis (Adair and McGreal, 1987) but today embracing neural networks (Evans et al, 1992). Also, consideration has been given to expert systems (Scott, 1988), case based reasoning (Gonzalez and Laureano-Oritz, 1992) and expert database systems (Jenkins et al, 1995).

This paper does not wish to consider the strengths and weaknesses of these methods, however, from research into alternative valuation approaches at the University of Glamorgan over the past decade, the view is that expert database systems and neural networks currently provide the most useful tools in the valuation process, and which form the focus of this paper.

At the heart of the valuation process is data. For any valuer access to sufficient information on which to form an objective opinion of value is imperative. In England and Wales this is

compounded by the lack of information available at the Land Registry (a Government body which holds information on matters relating to land ownership and sales in the UK). In the absence of a nationally maintained database of transactions, freely available for all valuers, the valuer must rely on either in-house valuations, or potentially misleading information from third parties. Clearly, the recording and accuracy of this information is essential, and well suited to database technology.

Database tools have been available for sometime. As the use of computers becomes more pervasive, so the costs and barriers to their use are reduced. However, the introduction of IT into the valuation profession has, to date, been limited. Dixon (1995) in a report on IT skills within the profession noted that "A number of surveying organisations had no IT strategy at all or adopted a 'laissez faire' IT strategy". The problem is related to both cultural issues and the recent recession (Almond et al, 1996), with some firms still relying on DOS-based programs, despite more user friendly environments of Windows™, Windows 95™ and NT™ being available.

Garbett (1996) notes how easy databases are to use. Products for example Microsoft Access are readily available at a minimal cost. The use of "wizards" and "on-line help" facilities make the task of setting up a comparables database a simple task. Some firms offer one-day courses in the use of such packages, making it easy for even the small valuation practice to have access to databases to record details of valuations.

Databases enable details of an inspection to be recorded easily; the use of pull-down menus reduces the input of information, and enables data to be recorded in a standardised form. Simple analysis can be performed to provide data on comparisons, e.g. value per metre square. Databases can also hold large quantities of data, some often redundant, without impinging on the systems performance. The greatest use of databases, comes in the selection process. By using a "query" function, data can be accessed quickly and efficiently on pre-defined criteria, for example street name, postcode, property type or number of bedrooms. Within a matter of seconds records considered sufficiently comparable to the subject property can be obtained.

A number of mortgage firms have adopted IT in the valuation of residential property, however this has tended to concentrate upon the use of mobile communications for the transfer of data. The Nationwide Building Society uses e-mail to transfer instructions between branches (Eade, 1996), whilst the Britannia also uses e-mail to enable employees to work at home (anon, 1996a) but also has valuers using mobile phones to dictate reports to Head Office on-site (Eade, *ibid.*). In contrast to this, the Birmingham Midshires Building Society has a computer system named "Valiant" in place to "re-engineer the valuation process" (anon, 1996b). Valuers are able to access the system from home, which adds value by incorporating a soils database and comparisons with neighbouring properties.

The University of Glamorgan in conjunction with a leading UK financial institution developed an integrated residential valuation system which had the primary objective of improving valuation accuracy and the level of information provided to the client (Jenkins et al, *ibid.*). The systems development required the valuation to be formally structured in such a way that the salient details of the inspection could be recorded and captured within the system using hand-held computers utilising pen driven technology.

The system, whilst adding greater structure to the valuation process, still largely focused on the supply-side attributes, although it also recorded information on the neighbourhood and some information on the market. With regard to the valuation, the system, whilst enabling valuers to access comparables on screen, still required adjustments to be made subjectively according to the intuition of the valuer. Overall, the system, whilst clearly providing more information and detail than any other approach, was still limited in its scope.

#### 4 THE NIMROD VALUATION SYSTEM

Concerns about current valuation practice led the University of Glamorgan to develop a prototype system for the valuation process, incorporating appraisal analysis. This prototype is known as Nimrod.

The Nimrod valuation system is developed primarily for Windows 95™. The development environment is Visual Basic 4, which provides the interface, whilst Visual C++ is used to expedite the more complex and data intensive routines. The system covers all aspects of the valuation process including the inspection, comparable analysis and reporting, as well as providing accounting and business returns. Overall, the system enables the automation of the mortgage valuation process and can be operated within the office and from mobile personal computers (PC's).

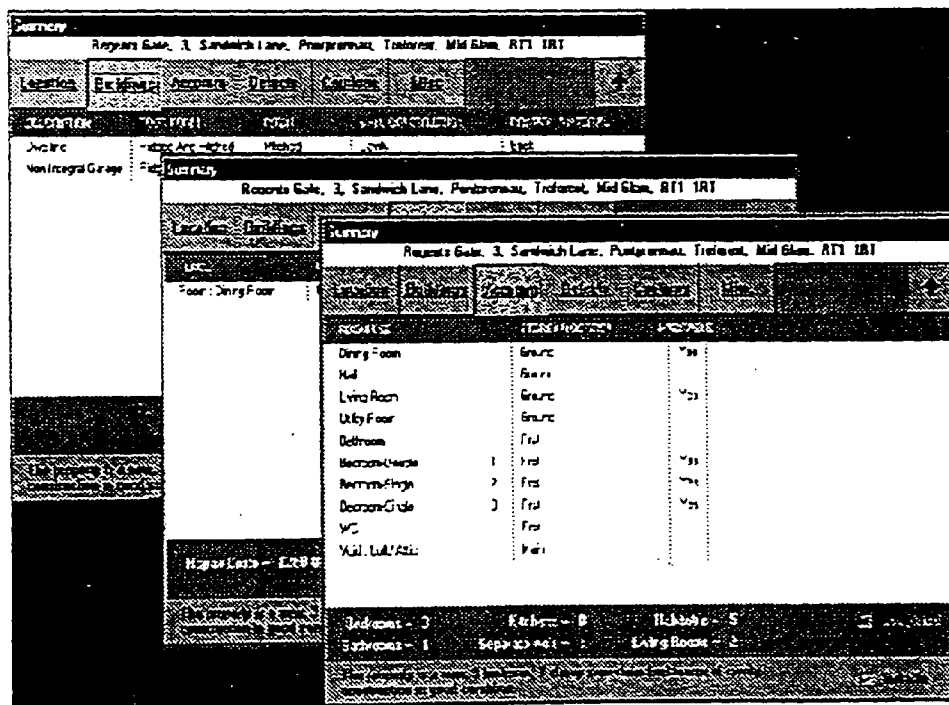


Fig. 1 The Nimrod Valuation System

The system comes into use once an instruction is received in the office. New instructions can be logged, the appropriate fees allocated and the cases allocated to the appropriate valuer, for whom appointments and schedules can be generated. From the office based PC,



the information can be transferred to mobile PC's of the individual valuers where inspections can be recorded.

The data is captured on site, with screens accessed using graphical, menu or button controls activated using pen driven technology. Data entry is enhanced using either tick boxes, pull down menus (which provide a number of options to choose from), or the use of Multipad ©, a proprietary on-screen keyboard, calculator and calendar pad. An example screen from the Nimrod system is shown in Figure 1.

The depth of detail required in the system can vary. A review of a number of valuation forms for different financial institutions notes variations in the depth of data to be captured and reported, though all performing to guidelines provided by the RICS (RICS, *ibid.*). Attributes related to finishings, maintenance, location etc. were agreed with practising surveyors. The system therefore captures all the essential data, and "adds value" by including the introduction of a house price-index in the comparables analysis, a feature not noted as being explicitly used by valuers. This index adjusts the value of the subject property in relation to the date of valuation of the comparable properties. The data can then be related to known aggregates for example demographic statistics, employment data and transaction volumes. Research is underway to consider such data (see for example Gronow *et al, ibid.*).

| Comparables                               |                 |   |   |   |
|---|-----------------|---|---|---|
| 111, Bungalow Grange, Treforest, Mid Glam |                 |   |   |   |
| 111                                       |                 |   |   |   |
| SUBJECT PROPERTY                          |                 | 37, Bungalow Grange, Treforest, Mid Glam, CF2 6SW | Malebar, 20, Number Five Street, Treforest, Mid Glam, CF7 9HE | 21, Number Five Street, Treforest, Mid Glam, CF45 4AS |
| No of Comp's selected                     | 5               | Selected  | Recorded  | Selected  |
| Unit                                      | House           | House   | House   | House   |
| Unit Type                                 | Detached        | Detached  | Detached  | Detached  |
| Floor Area m2                             | 121             | 115   | 120   | 121   |
| No of Beds                                | 3               | 3   | 4   | 3   |
| Age in Years                              | 70              | 60  | 24  | 25  |
| Heating/Extent                            | Part Anthracite | Full Oil  | Full Oil  | Part Coal   |
| No of Garages                             | 1               | 1   | 1   | 1   |
| Traditional                               | Yes             | Yes   | Yes   | Yes   |
| Construction                              | Typical         | Granite   | Granite   | Granite   |
| Glazing                                   |                 |   |   |   |
| No of records in view                     | 10              |   |   |   |

Fig. 2 Comparables selected through matching process

Following an inspection, the data captured is recorded within the system. This data could be transferred to the office, or analysed on-site. The analysis, a key feature of the system, which forms the valuation requires the valuer to select suitable transaction evidence against which to compare the property to be appraised. In selecting this evidence, the program compares the attributes of the subject property against those already in the system's comparable database of past inspections. This automatic selection process thereby identifies those properties considered most appropriate. Those selected are shown in ascending order

according to the number of noted matches. An example of this is shown in Figure 2.

However, certain attributes are more important in the selection process than others. For example, it would be unwise for the system to return details of three bedroomed detached properties on the basis of a match of bathrooms, glazing and heating type if the subject property was terraced. This is because detached properties are likely to form a distinct sub-market. Therefore, greater "intelligence" is required. The system overcomes this problem by attaching weights to the attributes; those attributes of greater importance have a higher weight than those of lesser importance, for example, type of property (detached, semi-detached, terraced, clustered etc.) will have a higher weight than glazing because property type is more important than glazing to value. Having selected the matches, the total value of these matches is noted; the transactions with the greatest value shown first and so forth.

The system allows the valuer to make adjustments to a maximum of five comparables in the analysis. Therefore where more comparables are returned by the system, a number will need to be removed. By scrolling through the transactions, the valuer can select or discard comparables as appropriate. Those selected will then be used for more detailed analysis. Restrictions can also be made to the comparables search on selected criteria for example unit type, number of bedrooms, value and a number of locational criteria, namely street, postal area, district or village, town or borough, city and county.

Having selected the comparables, the system enables analysis to be performed in two ways; the selection of a "matching pair", which enables a value of the closest match to be formed, and the analysis of several comparables to form a range of values within which the value of the subject property lies.

| Analysis                                 |                 |          |         |  |         |   |     |
|--|-----------------|----------|---------|--|---------|---|-----|
| 111 Bungalow Grange, Treforest, Mid Glam |                 |          |         |  |         |   |     |
| Transaction ID                           |                 |          |         | 111  |         |   |     |
| COMPARABLES:                             |                 |          |         | 15, Bungalow Grange, Treforest, CF2 6SW          |         | 21, Number Five Street, Treforest, CF45 4AS |     |
| SUBJECT PROPERTY                         |                 |          |         | Herald, 27, Bungalow Grange, Treforest, CF37 1EX |         |   |     |
| Unit                                     | House           | House    | 0       | House  | 0       | House                                       | 0   |
| Unit Type                                | Detached        | Detached | 0       | Detached   | 0       | Detached                                    | 0   |
| Floor Area m2                            | 121             | 115      | 500     | 121  | 0       | 127   | 500 |
| No of Beds                               | 3               | 3        | 0       | 3  | 0       | 3   | 0   |
| Age in Years                             | 70              | 60       | 0       | 25   | 0       | 21  | 350 |
| Heating/Extent                           | Part Anthracite | Full Oil | 500     | Part Coal  | 0       | Part Coal                                   | 0   |
| No of Garages                            | 1               | 1        | 0       | 1  | 0       | 1   | 0   |
| Traditional                              | Yes             | Yes      | 0       | Yes  | 0       | Yes   | 0   |
| Construction                             | Typical         | Granite  | 0       | Granite  | 0       | Granite                                     | 0   |
| Glazing                                  |                 |          |         |  |         |   |     |
| Adjusted comparables values >            |                 |          | £70,091 | £69,522  | £69,356 |   |     |
| No of comp's selected                    |                 |          | 5       |  |         |   |     |

Fig. 3 Comparables Adjustment

As with selecting the comparables, the system will automatically select what it thinks is the most appropriate matching pair. By clicking on the "Matching Pair" details of this property

are displayed. A search can be performed on the basis of the criteria noted earlier to select a more ideal matching pair, if appropriate. Once selected, adjustments can be made on-screen for any noted differences according to the valuer's judgement.

The analysis of comparables enables the user to scroll to view the comparables and their attributes against the details for the subject property. This process is similar to the suggested adjustment grid process. From Figure 3 it can be seen that alongside the details of each comparable is a column with blank boxes. Where a difference is noted with the comparable against the subject property, the valuer is able to insert a cost or value adjustment for the noted difference. In the example shown an adjustment of £500 is recorded for "15 Bungalow Grange" for the difference in floor area. Adjustments have also been noted for difference in age and heating systems. The adjustments are hypothetical, which in reality would be based upon each individual valuer's subjective opinion.

After each adjustment is made the system automatically makes an adjustment to the comparables value (noted in the box at the bottom of the screen). This value is automatically "smoothed" for differences in time, reflecting changes in the market place, according to a house price index.

Having made the relevant adjustments the valuer is able to click on the "synopsis" button to gain a review of the analysis. This reveals to the valuer the value of the closest match (i.e. matching pair), and a range of values within which the value of the subject property lies. In this instance, following the analysis, the system notes that the closest match is £69,722, with the value likely to fall within £69,356 and £70,091 (See Figure 4). In reality this range is likely to be wider, with fewer comparables used, though the system nevertheless demonstrates what can be achieved.

**Analysis**  
111, Bungalow Grange, Treforest, Mid Glam

Transaction ID: 111      Analysis

**SYNOPSIS of COMPARABLES ANALYSIS**

| SUBJECT PROPERTY | COMP 1   | COMP 3  | COMP 2  | COMP 4  | COMP 5  |
|------------------|--|---------|---------|---------|---------|
| Value / m2       | £515   | £515    | £567    | £567    | £540    |
| Value / m2 today | £515   | £515    | £567    | £567    | £540    |
| Neural net value |  |         |         |         |         |
| Value today      | £69,356  | £69,356 | £70,091 | £70,091 | £69,522 |
| Closest match    | £69,722  |         |         |         |         |
| Range            | Adjusted property values be between £69,356 and £70,091. |         |         |         |         |
| HP Index         | 110.24   | 102.7   | 102.7   | 101.5   | 101.5   |
| Comparables ID   | 27   | 49      | 15      | 37      | 21      |

Fig. 4 Comparables analysis

Once the inspection is completed it is written to file, with the system able to provide a copy

of the valuation report based upon the prescribed valuation form, with standardised paragraphs inserted at the click of one button. The report can be viewed in WYSIWYG format and edited on-site. Once complete a mobile phone can be attached to the system allowing transmission of data back to the office.

One of the advantages of this system is that it reduces the potential for bias in the valuation process. In selecting comparables, the system matches attributes rather than targeting against a specific value. This, together with a more explicit analysis, provides for a more accurate appraisal, reducing the potential for negligence claims, or in the case of a claim being made, the potential for a more detailed account of the valuers actions to be noted.

## 5 NEURAL NETWORKS

Noted within the Nimrod valuation system is a "Neural net value" (Fig 4) which enables the system to be linked to a neural network. At the time of writing this link has not been made. When it is made, the value returned by this process will be incorporated within the analysis. Therefore, the results reported here relate to a stand alone neural network that has been fed data similar to that described in Section 4. Beyond providing an additional value, its introduction also provides for an objective check on the valuation against that produced by the valuer; if a different value is returned, the valuer can reconsider the valuation figure, and make any necessary adjustments accordingly. It may simply be the case that the neural network's figure is inaccurate given a certain factor e.g. a nuisance which is not recorded in the neural network's analysis.

Neural networks, as a stand-alone feature, have potential in the situation of a further advance. An inspection has already been provided for the initial advance, given the likely security afforded, the institution could provide a more cost effective service by providing a value generated purely from the neural network at a cheaper cost than would an inspection and valuation.

Past research using ANNs has been confined to data acquired from single homogeneous areas using limited property attributes. In order to create a generic solution, it is necessary to apply networks to non-homogeneous areas and extend the depth of attributes.

In a 2 layer approach (Gronow et al 1996), an unsupervised network was used to establish classes within a heterogeneous dataset and the boundaries of the classes were identified. The resultant outcomes were fed into conventional networks. An average increase in prediction accuracy of 10% was achieved using the new method over the conventional approach. The unsupervised network "layer" could be applied to subsets of the data to create even more accurate sub-models.

The next step was to refine and extend the attribute information by using average house value to rank neighbourhoods, and Census data to act as a surrogate for an area's wealth. Both approaches show early promise, yielding an improvement of 8% in valuation ability.

The developments in neural networks have enabled data to be modelled from a much wider area, employing a two-layered approach. This involves identifying classes within a heterogeneous dataset, and then applying the data from these classes to a conventional neural network. The application of this approach led to an increase of 10% in the predicted

accuracy compared to a conventional approach.

## 6 WINDOWS CE

The release in 1997 of a new operating system from Microsoft, called Windows CE, and the development of hand held personal computers allows the integration of software used on conventional PC's such as Word, Excel and Access with portable machines.

The Windows CE operating system does not provide the extensive support for development environments that are associated with Windows™. Consequently this is an area where professional computing expertise is required to provide tailored solutions.

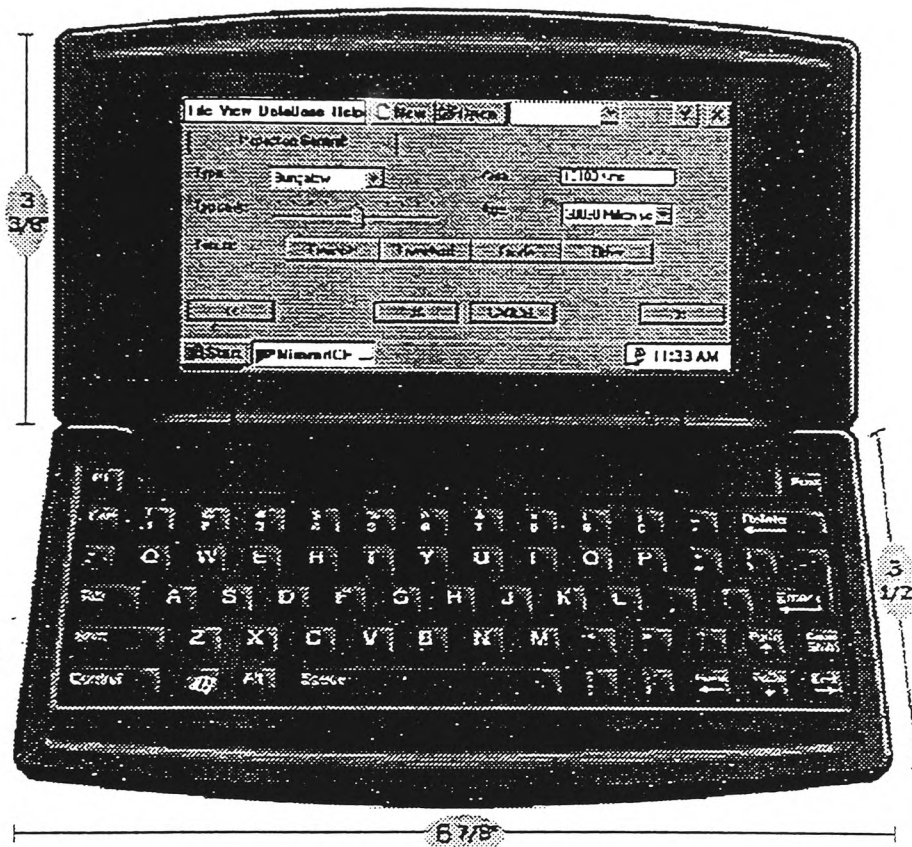


Fig. 5 Nimrod CE

Clearly this technology is likely to have an impact across all areas of urban management. Already, the research team at Glamorgan has, based on the Nimrod valuation system, created a prototype designed to run on CE using C++. An example of the screen is shown in Figure 5. Such hand held computers are small and easily portable, measuring some 160 mm by 90 mm. The system will embody design features that have been noted during 3 years of development work with professional valuers and makes extensive use of the "Wizard" type interface that has transformed the user interface.

Unlike the existing Nimrod system described above, there is only a facility for data capture. This is because of the limited capacity that current handheld PC's have for data storage. The valuation phase of the appraisal is now conducted on a PC at home or in the office. The link between the data capture device and the appraisal PC is via an easy-to-use interface and cable or it may be achieved by plugging in a mobile phone to the HPC.

## 7 CONCLUSIONS

The collapse of the property market in the late 1980's and consequential problems has highlighted a number of weaknesses within the traditional approach to residential property valuation using DCC. Despite revisions to practice, problems remain.

Changes are required, with the need for greater objectivity in the valuation process. This paper has highlighted the potential that new technologies hold, but they should not be viewed as a replacement for the valuer. Rather they should be seen as essential tools for assisting the valuer to minimise omissions in the inspection, for improving valuation accuracy, and removing the potential for bias from the valuation process.

Such technologies provide the opportunities to freeing valuers from the more mundane work and enabling more rigorous analysis to be undertaken.

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**RICS**

RESEARCH

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# INTELLIGENT SYSTEMS FOR THE VALUATION OF RESIDENTIAL PROPERTY

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## ABSTRACT

In the majority of cases, the valuation of residential property for mortgage purposes within the UK is performed using the method of Direct Capital Comparison (DCC), a process which, appears to be widely understood, correct and sufficient given the limited space devoted to the subject within appraisal texts. However, the collapse of the UK housing market in the late 1980's and the consideration of alternative approaches to valuation has fuelled concern as to the applicability of the method as currently applied in practice to the task in hand.

Research at the University of Glamorgan, more recently funded through a Realising Our Potential Award from the ESRC has highlighted a number of deficiencies in the approach, not only in its application by practitioners, but also in the context of the supply of valuation advice. Drawing upon this research a number of potential solutions are discussed.

The paper also reports on discussions among behavioural psychologists about problems associated with professional knowledge and considers the ramifications of these discussions for valuation practice and education.

## 1. INTRODUCTION

The valuation of residential property for mortgage purposes can conceivably be performed using one of four methods, i.e. the comparative, income, cost or residual approach. However, in practice, it is the comparative method, often referred to as DCC that is most widely used in determining the Open Market Value (OMV) of residential property for owner occupation.

Despite the widespread use of the method in the UK, criticism has been levelled that DCC, as currently applied in practice, is imprecise and ambiguous (Wiltshaw, 1991) and weak (Jenkins, 1992). This concern followed the collapse of the housing market in the late 1980's but has lingered well into the 90's, leading one commentator to suggest that a "chartered surveyor is no more than an estate agent in a Sunday suit" (Anon, 1996a). More recent research (Gronow et al, 1996) has considered that both valuation practice and the structure of the market for residential valuation advice are at fault.

This paper presents a condensed critique of problems noted in practice (section 2). It suggests ways in which modifications can be made to practice to improve the accuracy and quality of advice supplied to clients (section 3) in particular through technology transfer (section 4). Finally it reflects on comments from psychologists on problems associated with professional decision making (section 5).

## 2. SOME PROBLEMS WITH CURRENT PRACTICE

The Red Book (RICS, 1995) outlines the role of the residential mortgage valuer as being to provide

the lender (who is in most cases the client), with an estimate of OMV for the subject property. The process used in determining this value, DCC, is documented elsewhere (see for example Mackmin, 1994; Almond et al, 1997a). Given the widespread use of the approach the space devoted in texts to DCC is small. This may be a contributory factor in the poor application of this method in practice, which stems too from the minimal attention paid historically to residential valuation as part of surveying degrees.

A key issue in the valuation process is data. Given that information on sales is not readily available from the Land Registry or Inland Revenue in England and Wales, valuers must rely on their own valuations, those of colleagues, or potentially less reliable information supplied by third parties. This contributes to the situation in which the valuer has a limited number of comparable sales from which to draw an opinion of value.

Information on sale prices is critical, but weaknesses would still exist unless specific attributes relating to that transaction, which formed that opinion of value, were also available. Overall, there is a lack of consensus amongst practitioners as to which variables impact on value, with current practice placing an emphasis on supply-side (property related) attributes, a fact which is only too evident from reviewing mortgage valuation forms from lenders. This is the case, despite the fact that values in the market are derived through the interaction of supply and demand.

Further problems exist with how information is gathered, stored, accessed and applied in the appraisal process. While there is little doubt that leading residential surveying firms have been getting to grips with database technology, a survey of lending institutions, recently undertaken by the authors, confirms that technology take up is uneven. (43 responses were received from 81 questionnaires sent out, representing a 53% response rate). Comparables databases are common though not universal (and surprisingly absent in some of the bigger lenders). IT is limited, particularly for use within the inspection and appraisal itself. Few use or plan the use of computers in the field. Fewer yet use any form of statistical analysis and none of the respondents indicated that they used neural networks (though one smaller institution is planning their use).

Given the under use of databases, there is a lack of rigour in the selection process. Shortcuts appear to be made, with experienced valuers drawing on comparables from memory. It has also been shown from research in the US (Wolverton and Diaz, 1996) and the UK (Gronow et al, *ibid.*) that revealing to valuers the tentative sale price, as agreed between the buyer and seller, introduces a biasing effect in the selection of comparables and the resulting valuation.

Another danger is that valuers will be influenced by external pressures from clients. Tentative results from a recent US study (Worzala et al, 1996) suggest that residential appraisers were not likely to be so influenced. Nevertheless, comments received from practitioners by correspondence and at formal meetings suggest that client pressure may be a feature of the UK market place. Indeed, the valuer's own attitude was revealed in the case of *Gibbs and Another v Arnold Son and Hockley* (1989) 45 EG 156. Here, the defendant valuer stated that "valuation is an inexact science ..." (no difficulty in concurring with this statement) "... if the parties' agreed price is about right, it is irresponsible for the valuer to protect his own back by valuing at a slightly lower figure, because this means the sale may well go off, and the valuer's fee, which the buyer has had to pay, will effectively have been wasted". In this instance there is client pressure and the valuer is willing to acquiesce.

The key questions are, "how widespread is this pressure?" and "what defines "about right" in relation to the agreed price?" If Anon (1997) is reliable it appears customary in the UK for valuers to produce valuations at this tentative price, so as not to jeopardise the transaction, where the suggested value is to within 10-15% of the tentative sale price. Such practice is clearly not in the best interests of the purchaser, nor of the economy, and goes against suggested practice in the Red Book (RICS, *ibid.*), which states that the valuer's role is not to recommend the amount or percentage of the advance.

If comparable evidence is being selected to prove a value, the adjustment grid, as suggested by the texts, would be arbitrary and an inconvenience. This may account for the absence of formal adjustment processes by residential valuers in the UK. The cumulative impact of these effects could be aggravated further when valuers are placed under increased pressure from, amongst other factors, a greater workload. Claxton (1997) suggests that professionals, placed in such circumstances, are more likely to fall back on initial intuitive judgements, even when information received after this

judgement appears to disconfirm the initial figure. Schön (1995) has observed that that professionals will often reach an initial decision, which although not correct, is felt by the practitioner to be “sufficiently correct” in the context of the situation, and no further action is taken.

Following the collapse of the UK housing market, a number of cases for alleged negligence arose from the time when the market was “on the turn”. This situation has highlighted the need for indicators that forecast market changes. Current information, such as house price indices and data on transaction levels are “backwards” looking, and therefore only note a market change after it has occurred. Valuers often fail to react until well after cyclical break points yet they have not developed leading indicators to help minimise the potential damage.

### 3. SUGGESTED IMPROVEMENTS

In the drive for improving current practice a number of practical solutions exist, namely:

- Improve the current “manual” process;
- Consider alternative “intelligent” approaches;
- Apply better practice with the wider use of “intelligent” systems.

In the context of this problem, consideration is now given to a number of areas where improvements can be made in the appraisal process, including revisions to current practice but also ways in which solutions exist through adopting simple IT approaches. Consideration of “intelligent” approaches is provided in the following section.

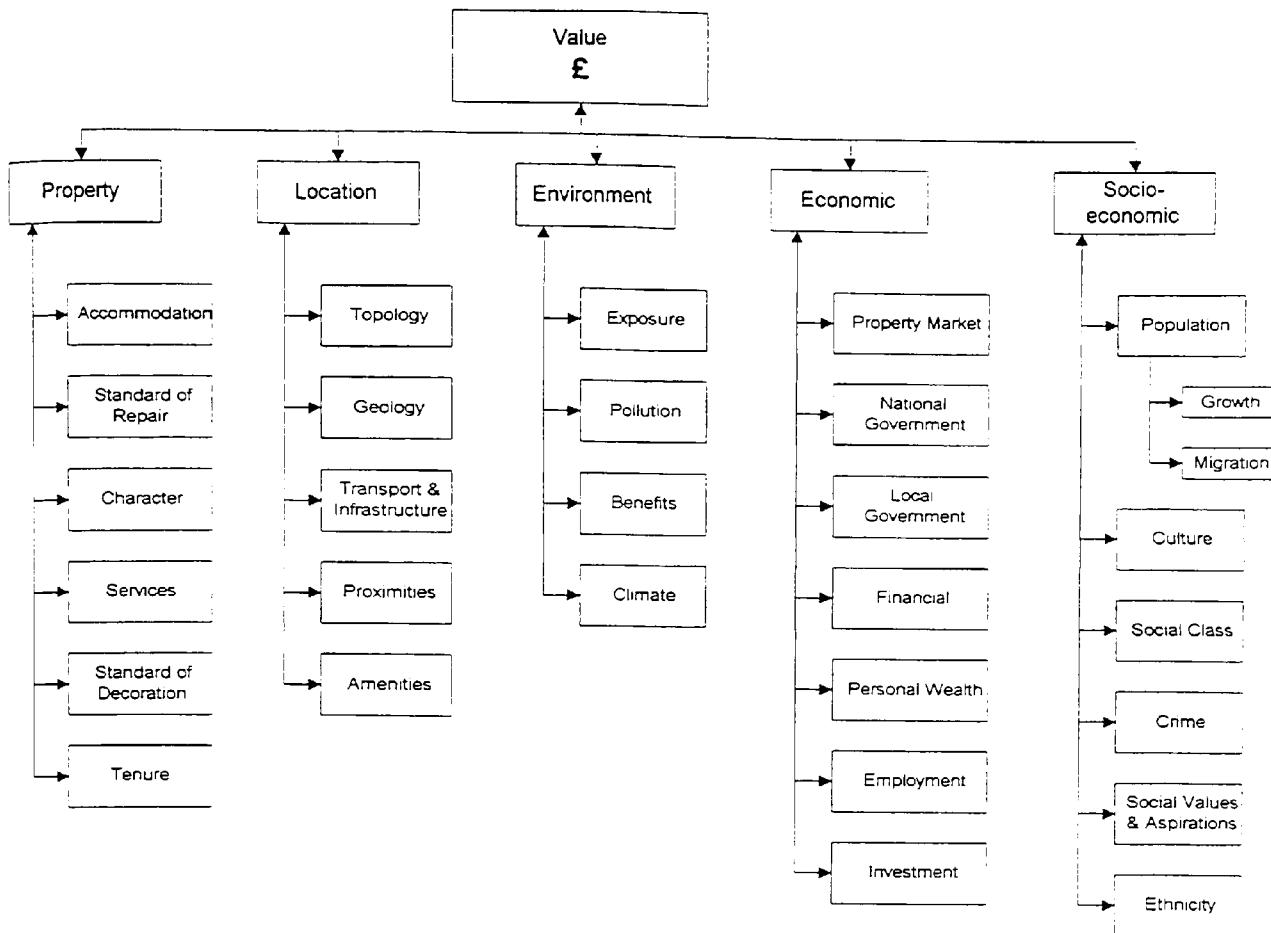
Improvements to practice must be driven by the need for better data, in particular access to sufficient information on previous sales. The widespread use of DCC is on the basis that it provides the best opinion of value given the availability of data compared to other methods. Even where access is available within larger organisations such as Building Societies, problems exist with regard to the depth and reliability, with the under use of databases as noted earlier a key issue.

The main problem, particularly for valuers in England and Wales, is that information on sale prices is not currently available from the Land Registry, nor that of information relating to the transaction itself. This contrasts with practice in the US, where appraisers have access to Multiple Listing Services, databanks of sales information run by commercial organisations. In this respect it is suggested that a nationally maintained database be made available to all valuers, containing details on sale prices and information relating to the transaction itself. The Land Registry or the Inland Revenue would be a potential owner of the database, with a clear specification made by Government, consumer and professional bodies. The potential problems noted with commercially run services in the US (Crockham, 1995) should be avoided.

With regard to the information, the level of data that needs to be recorded is a subject on which practitioners do not readily agree. Current practice focuses on data relating to the property itself, which provides more information than is required in the context of the appraisal. What is needed initially is a classification of attributes which impact on value and the authors offer the classification in Figure 1 as a starting point for a discussion of this critical issue.

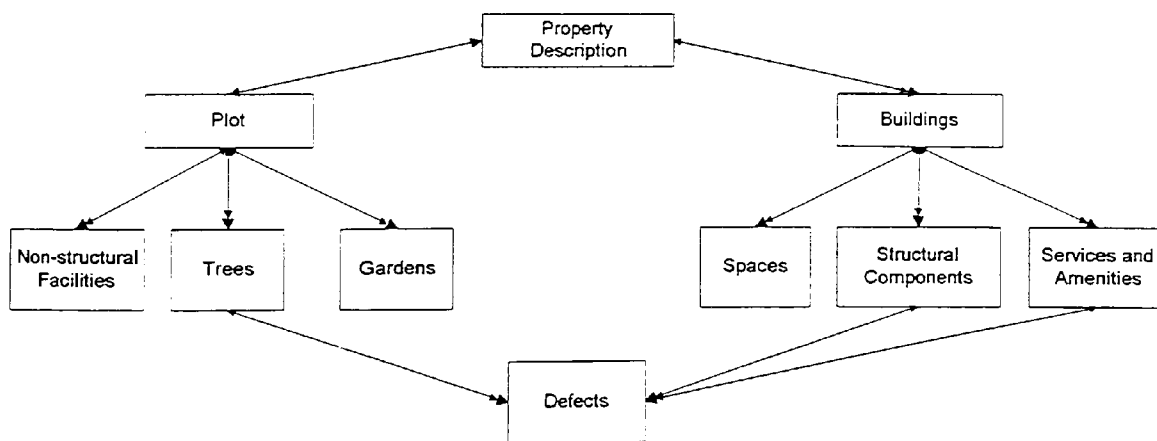
Beyond outlining the data important to the valuation, consideration must also be given to the way in which it is recorded, accessed and manipulated within the appraisal. The wider use of database technology to record and access data is required and standards need to be agreed in order to facilitate dissemination and analysis. The use of BS 7666 to standardise address data is a minimum. In Figure 2 we suggest the top-level structure of a data model for the inspection phase of the valuation process again in the interest of promoting a discussion.

The use of databases in the selection process is invaluable. Comparables can be selected using simple or complex pre-determined criteria. For properties with more unusual features a search can be made on a specific word to find any other properties with similar features; such a process in a manual system is almost impossible unless the valuer is able to recall such an inspection clearly from memory (limiting the search to personal experience). Of course, in selecting comparables automatically, selection bias is suppressed.



**Figure 1. A Tentative Classification of Attributes Which Impact on Value.**

Guidance in the Red Book states that “cautious weight” should be given to the use of information that has yet to be realised in the market. On this basis it is suggested that the tentative price should not be provided to valuers (Almond et al, 1997b).



A double arrow denotes a one-to-many relationship.

**Figure 2. A Suggested Data Model for a Property Inspection.**

Having accessed the necessary information, improvements are required to the way in which this information is analysed and used in forming an opinion of value. The current process relies on the subjective opinions of the individual valuer. This is contrary both to theory, which suggests the use of an adjustment grid, and practice elsewhere. The authors are persuaded for the introduction of such

practice in the UK, which provides clients, not only with details on which comparables were used, but also justifications for any adjustments made for differences in the comparable against the subject property. The wider use of demand side data should also be encompassed.

Given that a mortgage is more at risk within the early stages of the loan, where prices are more vulnerable to exogenous shocks in the market, it would appear logical to consider the future sustainability of prices within the market place. In this respect we concur with professionals who argue for the use of Estimated Realisation Price rather than OMV for mortgage appraisal purposes, though we go further and suggest that the real requirement is the application of predictive techniques first developed for commercial property (Connellan and James 1996).

In view of the problems associated with traditional practice, as well as changes to that practice, consideration need also be given to the development and use of alternative "intelligent systems", to which we now turn.

#### **4. INTELLIGENT SYSTEMS IN THE VALUATION PROCESS**

At the most basic level, databases provide a useful tool in the appraisal process, given that the appraisal is driven by the need for data. Despite the availability, and ease with which databases can be set up and valuers trained in their use, a combination of both the recession and cultural reasons long delayed their use (Almond et al, 1996). Indeed it is notable that where systems have been implemented, it is the administrative and not the appraisal processes that have come first signifying that business management not professional effectiveness was the driving force.

This is a far cry from the situation postulated a decade ago by Gronow and Scott (1987). The technical means already existed in the valuation of residential property for technicians to perform inspections, databases to access comparables, expert systems to underpin the valuation itself, whilst reports could be automatically produced using standardised forms.

Despite the poor up-take of IT by the profession a number of practical solutions do exist in prototype, to show the potential that exists with new technology. Outlined within this paper are systems for the collection of data on-site, the use of database technology in the analysis and formulation of value, and the use of Artificial Neural Networks (ANN's) to form an additional opinion of value.

##### **4.1. ON-SITE DATA CAPTURE**

The consideration of systems to capture data on-site is not new. The use of such systems has been constrained by practicalities such as cost, and the size, weight and weather-resistance of hardware for valuers to use within the field. To date most financial institutions have concerned themselves in reducing the time spent in transmitting data electronically. For example the Britannia uses e-mail allowing valuers to work at home, but also has a system whereby inspections can be dictated over the phone to their Head Office from on-site (Anon, 1996b; Eade, 1996). The authors survey, considering the use of IT, did note some institutions using IT in the field, but it is very limited in terms of scope.

The aim of such systems may be to reduce the time spent on the inspection itself, though consistent, standardised reporting in electronic format may rather facilitate report quality. If systems are to be used to capture data on-site they must be small, light and portable, with a screen large enough to view and capture data, with easy to use controls.

The advent of Windows CE™ which runs on the latest HPC's (handheld personal computers) provides a useful platform with which to capture data. The hardware is light, comfortable and small (measuring for example some 160mm x 90mm). The software is the familiar Windows style front-end (which is widely known and user friendly), which also means data can be easily transferred onto a standard PC. Beyond this, it is also some ten times cheaper to acquire a HPC than a less portable "laptop".



Figure 3. Example of a HPC.

At the University of Glamorgan the research and development team have produced a prototype system, programmed using C++. This is not a do-it-yourself development environment: it requires professional programming skills. Although it can be expected that productivity tools will facilitate the development of bespoke software for the HPC, such products that have emerged to date (e.g. FormLogic) also require knowledge of C++. An example screen from the prototype is shown in Figure 3, from which it can be seen that data can be captured in a number of ways; the use of a conventional keyboard, or a “built-in pen” to click on boxes or to select a pre-defined keyword from pull-down menu’s. A slider bar is also provided which provides for fuzzy decision making within the appraisal process.

Such systems enable sufficient data to be captured from an inspection for the purpose of a simple mortgage valuation, and can also act as an *aide memoir* to the valuer, providing a warning if any important aspect of the inspection has been missed. Ideally data will be transferred to a database on a desk-top PC from which analysis can be performed before the compilation of a report. However, the provision of Pocket Word permits a report to be created using standardised paragraphs within the system, and sent via mobile phone to the office.

#### 4.2. EXPERT DATABASE SYSTEMS

Expert database systems contain or interface to the data that is required for the decision-making process. Additionally they mimic the valuer in respect of routine aspects of the appraisal process. There is a considerable literature on the development and use of such systems (Gronow and Scott *ibid.*, Scott 1988, Jenkins *ibid.*).

A prototype system, developed as part of a Realising Our Potential Award from the ESRC, automatically selects comparables, through which an adjustment grid style display allows the user to make manual adjustments for noted differences (see Figure 4).

The automatic selection of comparables is on the basis of a simple matching process in which attributes of the subject property are matched against all other properties in the system; those properties with the greatest number of matches are selected. Of course, given that certain attributes are more important than others, they are ranked and weighted and the search ripples out from the more important. On this basis, the comparables returned by the system are in order of comparability,

those with a higher score come first and so on. Given that valuers use a range of search and selection criteria, any commercial system would require that the valuer is able to re-order ranking and weighting (not a feature of the prototype).

Having returned a number of comparables, up to a maximum of ten, the system provides the user with the ability to refine the search manually on the basis of a number of criteria, i.e. Property type; Unit type; Number of bedrooms; Value range; Valuation date; and Location (street postal area, district, town, city or county). A similar but more exhaustive process can be used from which to select a candidate as a "matching pair". From the comparables returned, the user can browse across and down the properties, and view their respective details (attributes) to consider the level of comparability. The user will then select the most appropriate comparables (up to five) which will be used for further analysis to form an opinion of value.

The adjustment process (see Figure 4) allows the user to scroll down and across the comparables selected and note, by clicking in the appropriate box, a value adjustment for the noted difference, for example in Figure 4, a hypothetical adjustment of £500 is made for the difference in floor area. Once an adjustment is made, the value estimate is automatically adjusted. Given the differences of time between the valuation date of the comparable and that of the subject property, a house price index is applied to smooth the value estimate automatically, a process which valuers rarely make explicit, yet important in terms of market changes. Of course, such adjustments are blunt instruments and a commercial system would require that control be given to the valuer to overwrite defaults.

| Analysis                                  |                 |   |      |   |   |  |      |
|---|-----------------|---|------|---|---|--|------|
| 111. Bungalow Grange, Treforest, Mid Glam |                 |   |      |   |   |  |      |
| Transaction ID                            |                 |   |      |   |   | Synopsis   |      |
| 111                                       |                 |   |      |   |   | ←  |      |
| COMPARABLES                               |                 | 15, Bungalow Grange, Treforest, CF2 6SW |      | 21, Number Five Street, Treforest, CF45 4AS |   | Hensol, 27, Bungalow Grange, Treforest, CF37 1EX |      |
| SUBJECT PROPERTY                          |                 |   |      |   |   |  |      |
| Unit                                      | House           | House                                   | 0    | House                                       | 0 | House  | 0    |
| Unit Type                                 | Detached        | Detached                                | 0    | Detached                                    | 0 | Detached   | 0    |
| Floor Area m2                             | 121             | 115                                     | 500  | 121   | 0 | 127  | -500 |
| No of Beds                                | 3               | 3                                       | 0    | 3   | 0 | 3  | 0    |
| Age in Years                              | 70              | 60                                      | 0    | 25  | 0 | 21   | -350 |
| Heating/Extent                            | Part Anthracite | Full Oil                                | -500 | Part Coal                                   | 0 | Part Coal  | 0    |
| No of Garages                             | 1               | 1                                       | 0    | 1   | 0 | 1  | 0    |
| Traditional                               | Yes             | Yes                                     | 0    | Yes   | 0 | Yes  | 0    |
| Construction                              | Typical         | Granite                                 | 0    | Granite                                     | 0 | Granite  | 0    |
| Glazing                                   |                 |   |      |   |   |  |      |
| Adjusted comparable value                 |                 | £70,091                                 |      | £69,522                                     |   | £69,356  |      |
| No of comp's selected                     |                 | 5                                       |      |   |   |  |      |

Figure 4. Comparables Adjustment.

On completion of the adjustment process, the system provides an analysis of the data (see Figure 5). The information displayed includes the value of the closest match, together with estimates of the individual comparables, which form a range within which the value of the subject property is likely to lie. Additional information such as value per square metre and house price index are also provided. There is also additional space to allow the incorporation of a neural network value at some further stage.

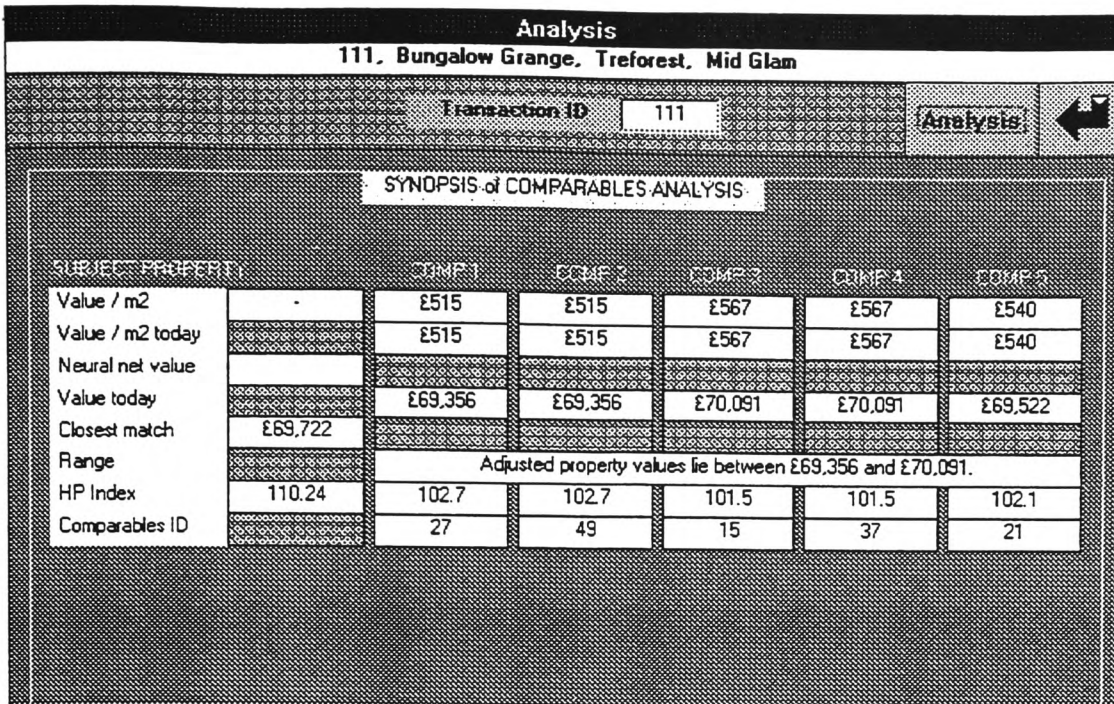


Figure 5. Comparables Analysis.

### 4.3. ARTIFICIAL NEURAL NETWORKS

The conventional approach used to build an appraisal model for residential property using ANN's is based around a single Multi-Layered Perceptron (MLP) using a Back-Propagation algorithm. An example of this simple type of network is shown in Figure 6.

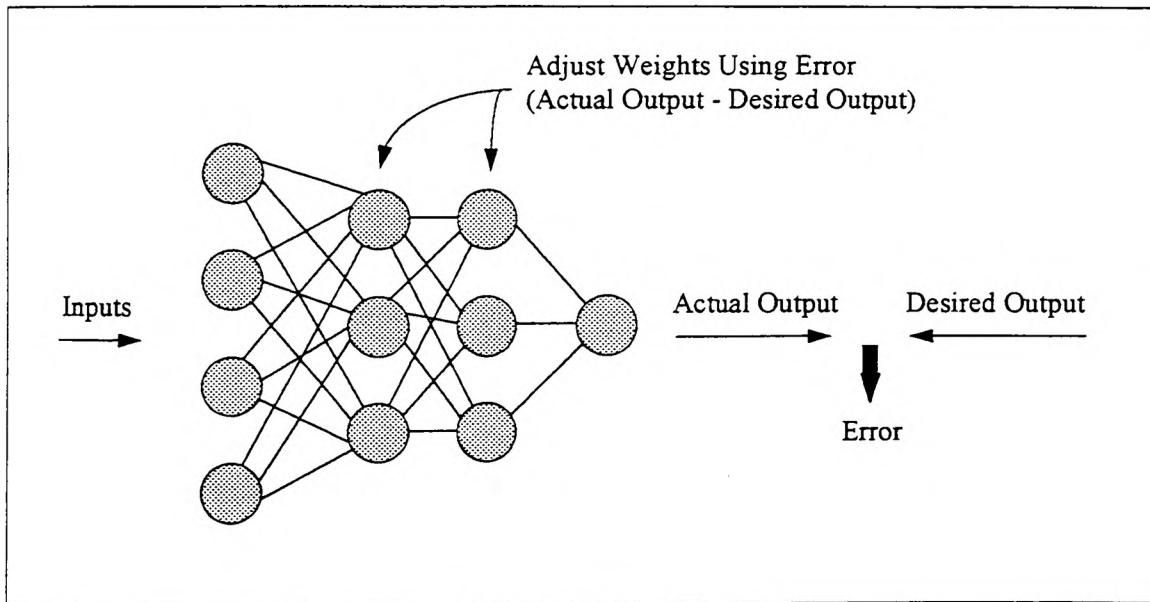


Figure 6. A Simple Multi-Layered Perceptron Supervised Learning Architecture.

Building such an appraisal model requires a number of tasks to be performed. The first and the most important of these is pre-processing of the data. This operation needs to be performed by someone who understands the domain and has sufficient knowledge to select the appropriate data for the modelling process (Bigus, 1996). The aim of this exercise is to provide the ANN with sufficient representative examples, in an acceptable format (typically all numeric), which are most susceptible



to accurate and unbiased modelling. Consideration needs to be paid to methods used to recode symbolic data into numerical surrogates, but also to the treatment of missing values, subjective information and untypical transactions. Having pre-processed the data, it is important that the data set is divided into at least three subsets (Bigus, *ibid.*), one to train the network (training set), one to test the network during training (validation set) and at least one hold out sample to be used to assess the performance of the network (test set).

Published research using this technique, normally using only property specific attributes such as number of bedrooms, floor area, and house type, typically show a percentage difference of less than 10% between the predicted values, and those returned by the valuer, for mortgage transactions selected from an homogenous area (Borst, 1991; 1994 and Evans et al, 1992). However, property values are location dependent, and thus any model trained on data from a particular location is specific to that location and will suffer a considerable loss of performance if used to appraise properties outside that location. The ANN appraisal model is limited by the complexity of the function it can represent at any one time, and would require retraining to achieve the new objective.

Hence, it follows that a computer appraisal system based on this ANN technique would require a large number of dedicated appraisal models in order to simulate the appraisal process over an heterogeneous area. It is the automation of this process and the discovery of the physical boundaries, whereupon one ANN model is replaced by another, which is of most interest. Potential sources for this information may be contained within the numerous commercial geo-demographic indication systems, and also the UK Census data, on which the indicators are based.

#### 4.3.1. Description of Census Data

The 1991 UK Census provides researchers and the Government with the “most authoritative social accounting of people and housing in Britain” (Dale and Marsh, 1993). Comparable statistics are generated for very fine geographical areas, the smallest of which is an Enumeration District (ED) in England and Wales, and an Output Area (OA) in Scotland.

Census data have been included in a number of projects concerned with residential property appraisal. Most significantly, professionally constructed geo-demographic indicators based on Census aggregates, are included in the house price index issued by the Nationwide Building Society. However, the characteristics presented by the indicators are not always representative and although extremely useful for targeting and advertising customised goods, they are more general than the underlying property markets contained within. It is for this reason, coupled with the fact that commercial geo-demographic indicators are not as readily available to academics as Census data, that this study focuses on raw data collected from the 1991 UK Census.

#### 4.3.2. Analysis

Two methods were considered for adding Census data into the appraisal model. The first simply required the selected Census aggregates to be added to the attributes used to train the single ANN model. This coupling was achieved using a postcode to ED cross-reference file. The results of this analysis are shown in Table 1.

**Table 1. Results Obtained for ED level Analysis.**

| Data Sample                                      | Mean Absolute % Error | Improvement |
|--|-----------------------|-------------|
| Sample of Cardiff Data set                       | 20 %                  | -           |
| Cardiff Data set and ED level Census statistics. | 13 %                  | 7%          |

Clearly, a marked improvement was achieved when the Census data was included. Moreover, a detailed study (Gronow et al, *ibid.*) has revealed that the location size represented by the Census data has a direct influence on the effectiveness of the model. It also notes that regional characteristics are made up of many factors, including obvious influences such as housing stock, tenure and employment, but also containing less obvious factors such as occupation and number of cars per household.

For a single ANN model of this type to successfully simulate the appraisal process within an heterogeneous area, it must be assumed that there is one valuation function shared across all homogenous sub-areas, which can be adjusted along a sliding scale according to the economic characteristics of each area. However, the very nature of the heterogeneous housing market does not consistently support this assumption. Faced with this situation, Adair et al (1996) hypothesised that sub-markets could be identified by stratifying the housing market into increasingly homogenous data sets. Extending this argument, it is logical to expect that independent modelling of each sub-market would permit the ANN model to be more specific and therefore more accurate in appraising properties selected from within a sub-market. The stratification of the housing market using Census data was the aim in the next section of research.

#### 4.3.3. Stratifying the Housing Market

The purpose of stratifying a data set is to decompose it into more manageable sub-sets. This general idea has been used to compute theoretical distribution models using statistical methods for more than 50 years. In this analysis, stratification is achieved using a technique called the Kohonen Self-Organising Map (Kohonen, 1984), of which Figure 7 is an example.

Each node on the feature map contains a vector of length 'j', where 'j' is equal to the number of input dimensions or features. Before training, the network is in an initialised state (i.e. the directions of the vectors in each node are random). Training involves passing an input vector into the network through the input nodes. Each node on the feature map is then compared with the input vector, and the closest node is then changed to be more like the input vector. Neighbouring nodes also become more like the input vector. Iterating this process achieves spatial clustering of similar input vectors.

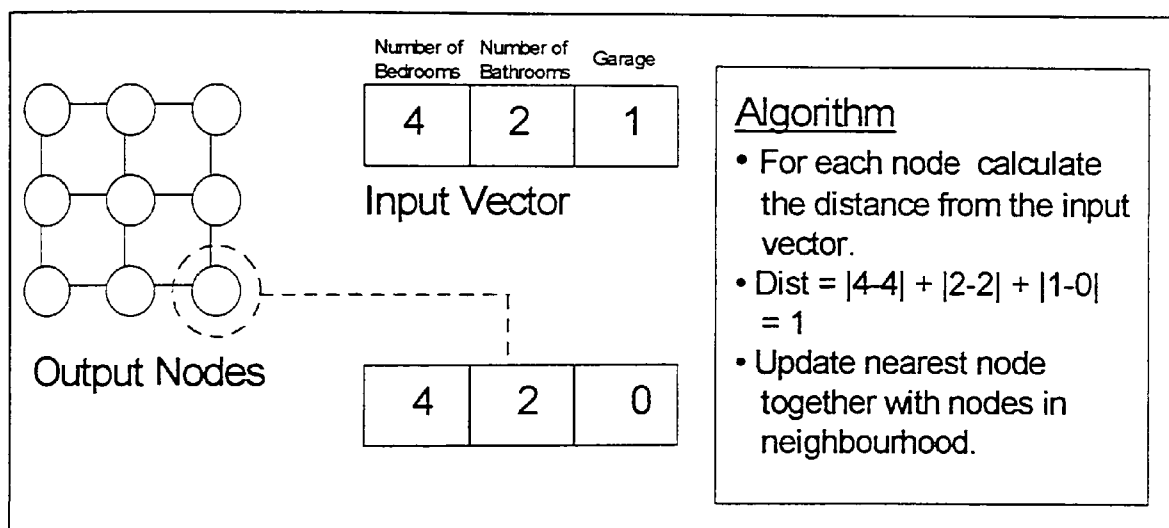


Figure 7. A Kohonen Self Organising Network.

The methodology involves training the Kohonen network on locational data and using the observed 'clusters' as training sets for MLP networks of the type shown in Figure 6. The Kohonen network is trained on Census aggregates, extracted at the ED level. The data from each significant grouping (formed by the Kohonen network) are cross-referenced using an ED to postcode file with mortgage transaction data to form sub-populations. A separate MLP network is trained for each sub-population. Figure 8 describes pictorially a framework for integrating these two techniques.

The Kohonen Self Organising Map has been used in a number of studies for market segmentation (Bigus, *ibid.*; Openshaw and Wymer, 1995). These implementations focus exclusively on the Census data during clustering and aim to provide general geo-demographic indicators. However, a study (Lewis et al, *forthcoming*) highlights the importance of selecting clusters that match the functionality of the domain data. The fact that similar characteristics are shared by a sub-population does not necessarily mean that the sub-population represents an homogenous area with respect to property prices. In order to overcome this problem, sub-populations or clusters, were selected using an

algorithm that estimates the ability of a neural network to learn the underlying functions present in the described region (Lewis and Ware, 1997). Clusters with large error estimates were not used as training sets for the suite of MLP networks. In addition to these sub-models, a single model was created using all of the training data intended to predict any properties not covered by the sub-models.

In order to test the effectiveness of the method for determining useful residential property sub-markets, two testing procedures were developed. The first concerned the ability of the sub-models to outperform a single model trained on all of the domain data. Sub-models were constructed based on individual geo-demographic factors, for example *housing stock in region* and *employment statistics*. Test properties were passed through the single neural network model trained on all of the available data and also through the appropriate sub-models. The property value estimates made using this technique were between 1% and 14% closer to the values returned by the valuer than were the corresponding estimates made by the single ANN model.

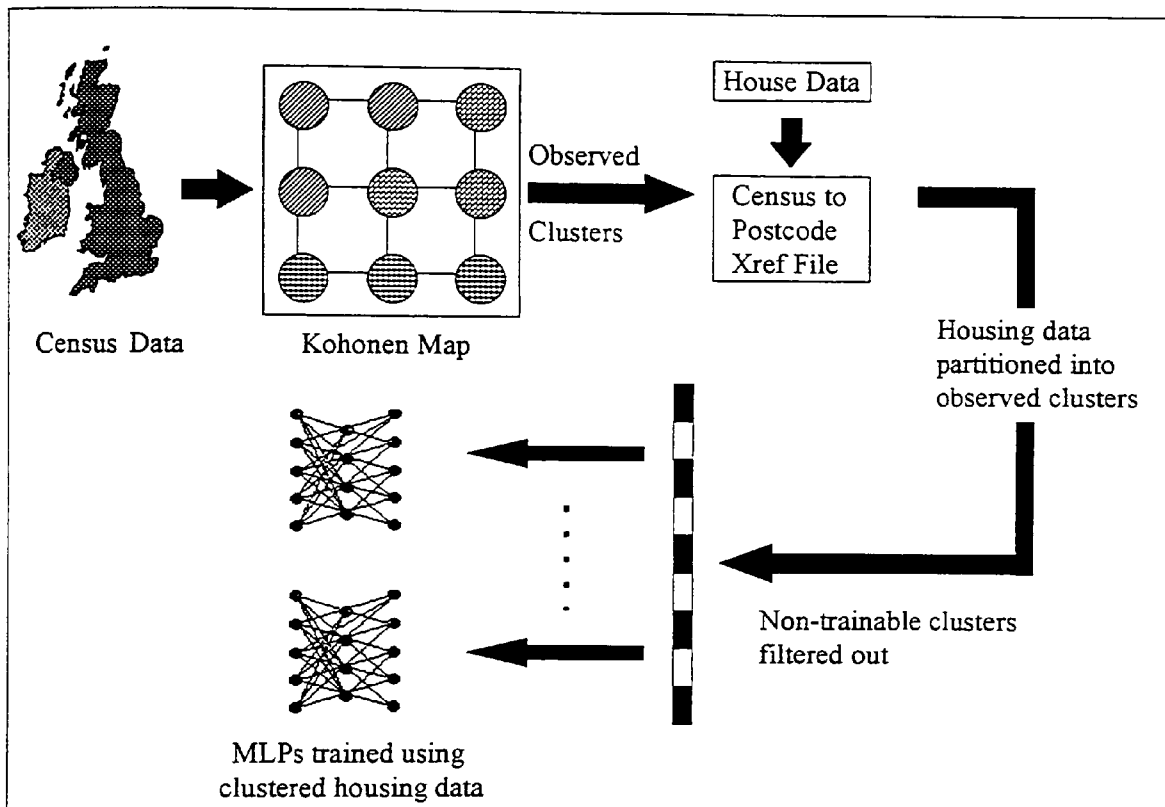


Figure 8. A Framework for Integrating the Kohonen Map with a Suite of MLPs.

The aim of the second testing criteria was to determine whether a sub-model trained using data selected from one geographical area could effectively be used to predict the values of properties from a different geographical area, a feat that the single model trained on homogenous data cannot currently achieve. ANN models were created using property data selected within a sub-market from one county in South Wales (County\_A) and were used to predict the values of residential properties in a similar sub-market in a neighbouring county (County\_B). The predictions made by the County\_A models were compared with predictions made by a single neural network model trained on all of the County\_B properties. The results (see Table 2) show that the County\_A models at least match, and in some cases outperform, the predictions made by the single neural network model trained on County\_B properties.

Clearly, the ability of these models to predict the values of residential properties outside the geographical area from which the training data was selected has been demonstrated. However, using the Kohonen Self Organising map to stratify the data into homogeneous training sets is not always optimal as success is highly dependent on the choice of variables presented to the network. To enhance this process it is proposed that a more flexible approach to variable selection is adopted

where variables are introduced based on their incremental gain using a multi-dimensional tree structure. Having achieved trainable clusters at nodes on the tree, descriptive rules could be extracted by tracing down appropriate branches. These rules could then be compared with valuation knowledge as well as rules induced using other rule induction techniques such as ID3 (Quinlan, 1986). The aim of this work, to be completed in 1998 as part of a PhD is to develop a framework for combining artificial intelligence, traditional statistical methods and appraisal knowledge to form an intelligent appraisal model.

**Table 2. Sample of Results for the Two-County Analysis.**

| <b>Data Sample</b>      | <b>Mean Absolute % Error</b> | <b>Improvement</b> |
|-------------------------|------------------------------|--------------------|
| County B Whole Data set | 18%                          | -                  |
| County A Model A        | 18%                          | 0%                 |
| County A Model B        | 17%                          | 1%                 |
| County A Model C        | 15%                          | 3%                 |
| County A Model D        | 15%                          | 3%                 |
| County A Model E        | 18%                          | 0%                 |

#### **4.4 INTELLIGENT HYBRID SYSTEMS**

Intelligent techniques such as Neural Networks, Expert Systems and Expert Database Systems have shown the potential to effectively model distinct parts of the residential property appraisal process. However, in complex domains, the weaknesses of each of the single intelligent techniques are exposed. Neural networks are good at representing underlying patterns within data, but have weak explanatory powers; expert systems and expert databases are good at representing cognitive decision processes but only respond appropriately under very narrow domains (Holland, 1986).

To overcome these component limitations, a new philosophy is emerging within artificial intelligence which focuses on the development of Hybrid Intelligent Systems (HIS), that are able to compensate for the weaknesses of the component modules through a co-operative approach. Goonatilake and Khebbal (1995) suggests that HIS exist in three primary forms:

- *Technique enhancement* - where part of an intelligent technique that is weak is replaced by a corresponding and more effective part from another technique. For example, replacing the strict pattern matching of an expert system with a neural network (Schreinemakers and Touretzky, 1990).
- *Intercommunicating HIS* - natural splits in the domain are dealt with by the most appropriate technique. For example, precise and well defined knowledge are represented by an expert system and ill-defined fuzzy data are modelled by a neural network (Corkill, 1991).
- *Polymorphic HIS* - techniques are used to emulate the processes normally performed by a different technique. For example, symbolic reasoning within conventional neural networks (Hughes, 1992).

From this emerging field it may be possible to construct a framework that facilitates the complementary development of an intelligent appraisal system, a tentative model of how this might be applied to real estate is provided in Figure 9.

The development of such a hybrid system has two benefits. Firstly a better understanding of valuers decision-making processes can be achieved, e.g. the ability to elicit rules from a neural network (see Andrews and Diedrich, 1996) can provide an understanding of the pattern recognition process and an explanation of a property's value. Secondly, a better understanding of professional knowledge, such as that currently being developed at the University of Glamorgan (see Almond, 1997), will assist in developing more appropriate models, considering data important in the appraisal process, rather than data chosen on a *a priori conjecture*.

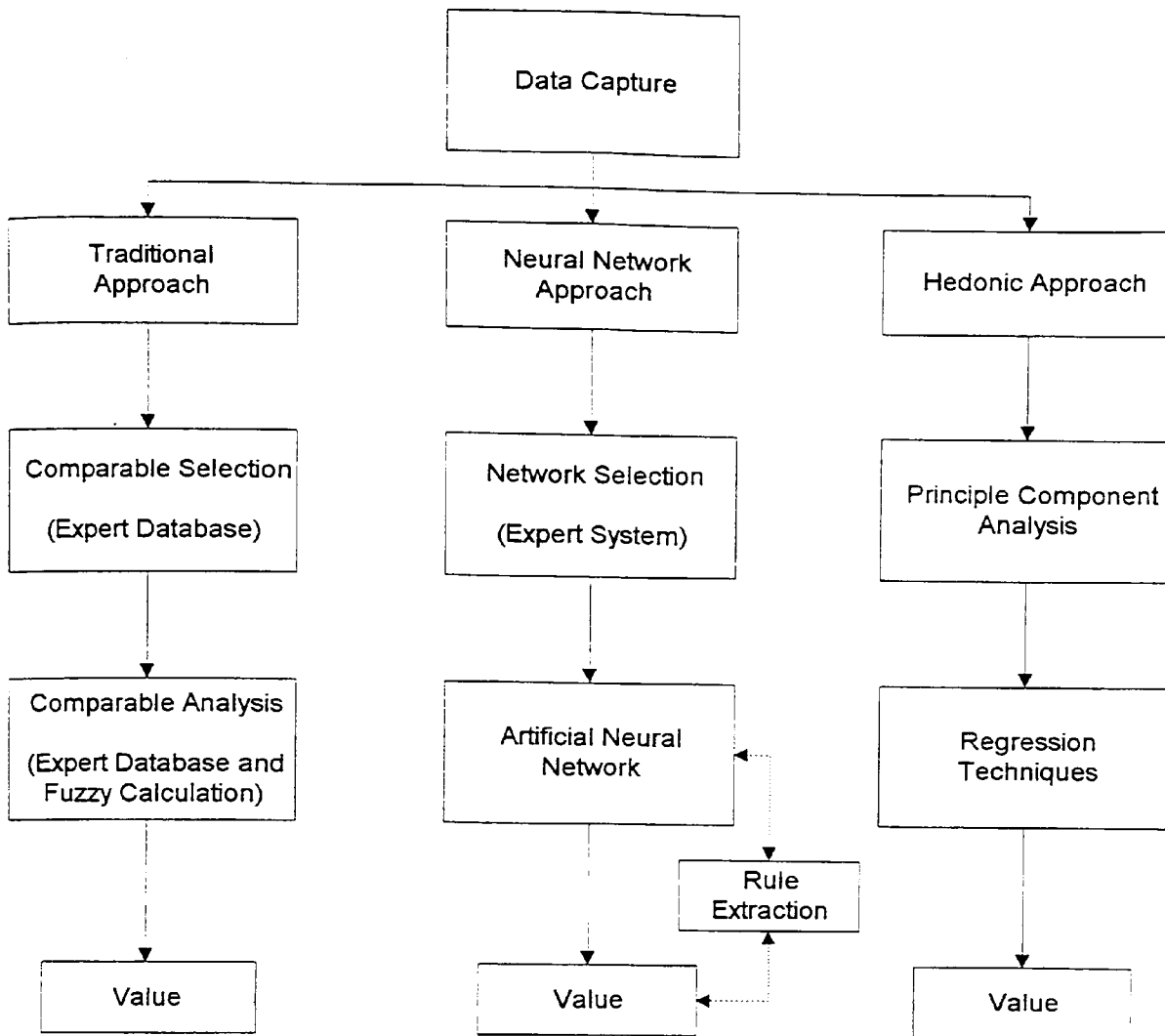


Figure 9. Tentative Structure of an Intelligent Hybrid System.

The hybrid intelligent system approach adds value to a whole range of applications, and has been considered by both academics and valuers of commercial software. Amongst the most promising are Blackboard Systems, see for example Corkill (ibid.), a technique where appropriate knowledge-based and statistical paradigms operate on discrete parts of a problem and share derived knowledge. Another alternative is a Hybrid Expert Network (Caudill, 1990) in which neural networks are embedded in traditional expert systems in order to action non-distinct "if" clauses.

Commercial HIS development software is beginning to become available that will facilitate the integration of cognitive knowledge with machine learning paradigms. Progress in this field of research could result in an intelligent appraisal system that combines both the knowledge and experience of professional valuers with the data analysis prowess of current intelligent techniques.

## 5. PROFESSIONAL VALUATION KNOWLEDGE

The problems of modelling heterogeneous markets highlight the complexity of the residential appraisal process and the consequent need for a better understanding of the professional valuer's knowledge if the type of systems described in Section 4.4 are to be developed and refined. Perhaps the application of theoretical principles and techniques from behavioural psychology holds the key. Certainly, problems of professional knowledge are not confined purely to the real estate profession. Schön (ibid.) notes that in the general day-to-day professional world, practitioners continually rely on tacit recognitions, judgements and skilful performances. In this respect he highlights a crisis of confidence in professional practice, which is described as a mismatch between the professional body of knowledge and the ever changing professional world, in which decisions have to be made in the

face of complex information, uncertainty and unique situations.

The problem is rooted in an allegedly false counterposition between theory and practice. Universities and professional bodies are meant to provide the theoretical basis upon which practitioners are then supposed to build an edifice of professional knowledge. However, this division between the theoretical and the empirical, which originates in pure sciences, does not travel well into social sciences and professional domains. Eraut (1994) shows how the division is reflected in surveying by the dual qualification system used in training surveyors; that of a degree followed by a period of professional training.

In residential valuation, the artificiality of the division is clearly exposed. There is no or little theory of direct and specific relevance to residential valuation in University courses. This is not to say that competence in surveying is not a matter for high academic and professional standards. Sound residential appraisal practice is socially beneficial. Students need to be equipped with a wide range of skills drawn from many disciplines. But, in the case of residential appraisal per se, very little is taught to students and there are very few texts of direct relevance.

Within the traditional division, the problem may be addressed by creating a specific degree for residential appraisal that encompasses techniques drawn from urban/ housing economics, geography and statistics. But Schön is more radical.

Schön's response to the situation is that of a reflective practice. He suggested that practitioners should "openly" reflect on the practice situation, i.e. enter into a dialogue with the practice situation, by reflecting both in, and on, action; surfacing ideas when stimulated by surprise and re-framing the situations according to circumstances, to consider future actions. Such reflection could be on technical aspects of practice, on the "lifeworld" in which the practitioner practices, the social, political or economic aspects of practice and the knowledge used itself (James, 1997).

Claxton, agreeing, (ibid.) states that "good learning requires the ability to be reflective; to take a strategic, as well as tactical, perspective on ones learning and knowing; to be aware of how things are going, and of what alternative approaches there might be". In this respect, the adoption by the profession of Continual Professional Development (CPD), promoting the idea of lifetime learning, was a positive step. However, the notion of "keeping abreast" that permeates CPD ensures an emphasis on the legal-technical aspects of professional work. Yet, CPD could be enhanced to incorporate reflective practice, with both individuals and businesses engaging in what can be considered "corporate reflection", wherein practitioners can regularly reflect and engage in self and peer group knowledge evaluation.

Eraut (1995), whilst welcoming Schön's contribution, is also critical of his ideas, noting amongst other things, the problems of time and opportunity for reflection. Claxton (ibid.) too is aware that professionals are often faced with having to make judgements without a moment's thought. So much time is spent processing information, meeting deadlines, and solving problems that the practitioner is often left with no time to think.

According to Claxton (ibid.), the problem is not helped by new computers which process greater amounts of information in shorter spaces of time; this, it is suggested, stimulates the professional to think faster yet. In this respect Claxton suggests that the professional should take time to "mull over things" i.e. practitioners should "pull off the Information Super-Highway into the Information Super Lay-By; to stop chasing after more data and better solutions and rest for a while". This is to confuse the results of computer development with the business aims and objectives that lie behind them. Speeding the processing of data and knowledge per se creates greater time for reflection. But if the purpose of software development is simply to increase productivity opportunities will be lost for enhancing practice, for discovering the nature of professional reflection and for better understanding a valuer's knowledge and decision-making processes.

The prerequisite of improved practice is that professionals be adaptive to change rather than conforming to the status quo. It is the belief of Challinor (1997) that the surveying profession's poor response to technological and economic change has led to accountants taking work of surveyors.

One aspect of professional knowledge that is of immediate interest is that of local real estate

valuation knowledge. Concern has been expressed (anon, 1993) that valuers travel "good" distances to little known locations to provide a valuation. This concern has been recognised by the RICS. A prerequisite for any valuer performing a valuation, outlined in the Red Book (RICS, *ibid.*), is that the valuer should have "sufficient current local ... knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently" (Practice Statement 5.1.a).

However no definition of the content of local knowledge is provided. In other literature, mention of local knowledge is limited. However it is interesting to note the degradation of performance of intelligent systems when they have been applied to secondary locations within the same region (Scott *ibid.*). And it is equally interesting to note that the winner of the IAAO 1996 Mass Appraisal Contest drew substantially on local knowledge.

It is assumed that intelligent systems will incorporate local knowledge and that their most efficient deployment will be by skilled appraisal personnel with local knowledge. The prerequisite is that there is an understanding of the content of local knowledge and how it is processed.

Research is currently underway to investigate in more detail the issue of local valuation knowledge by way of a knowledge elicitation exercise with valuers. It is already understood from our previous observations of practice that valuers may use market data as cues to the performance of the market. The aim of this work, to be completed next year as part of a PhD will be to consider if such information is used, and, if so, what type of data is noted, and what use it has in the valuation process (Almond, *ibid.*).

## 6. CONCLUSIONS

This paper has critically considered the current application of DCC in regard to residential mortgage valuations. The concern is that unless changes are made to practice the consequences of the late 1980's property crash may well recur. Given this situation a number of solutions to practice have been put forward including the use of new technologies. The vision is that such systems will at first aid the valuer in reducing the amount of time spent on the more mundane aspects of the valuation process, enabling the valuer to focus on the more important aspect, the appraisal itself. This would not only lead to greater accuracy, but also provide better information to clients. The degree of substitution for professional skills in future depends critically on an understanding of professional knowledge.

The "intelligent" approaches outlined are still in the development stage. Software has been written for valuers to capture data on-site and undertake routine analysis using expert database systems. The integration of neural networks into such systems is possible, though the preliminary development of an intermediate stage in which appropriate networks are intelligently selected is recommended.

Empirical research shows that the addition of Census data at the ED level into an ANN appraisal model significantly increased its accuracy. However, with consideration to a priori knowledge relating to the varied interplay of demand and supply side variables across different geographical regions, it was concluded that the Census data could be more effectively employed as a method of segregating the heterogeneous property market into homogenous sub-markets.

Given this, a technique was developed in which Census clusters were used to describe the content of a collection of training sets that were each modelled independently using an MLP network. The outcome of this suggests that:

- A set of models, each dedicated to a certain narrow domain, can significantly outperform predictions made by a single more general model trained on all of the available training data.
- Models created from the stratification technique can be used to predict property values in other areas that have similar Census characteristics.

Based upon these results consideration has been made to the development of hybrid systems, where different technologies can be brought together into one system to compliment each other. However, the introduction of intelligent systems requires a deeper understanding of valuation knowledge and decision-making processes.

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**A COMPARATIVE STUDY OF RESIDENTIAL VALUATION  
TECHNIQUES IN THE UK**

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## **ABSTRACT**

Following the collapse of the UK housing market in the late 1980's considerable research has been undertaken into the structure and interpretation of housing markets. Research at the University of Glamorgan over the last ten years (and latterly funded through a Realising Our Potential award from the ESRC) has investigated residential valuation techniques and practice, with particular reference to mortgage transactions.

Mortgage valuations are almost exclusively performed using direct capital comparison, a method that has an identifiable basis in cognitive techniques. The method has strength in that it focuses the decision-maker on known quantities, previous transactions in the market. However, from a theoretical perspective the method is weak and is weakened further by poor practice and market pressures.

The paper outlines the weaknesses identified with direct capital comparison and draws on observations and discussions with many valuers in both the public and private sector. Suggestions are made as to how the method can be improved to cope with these problems, including the use of alternative technologies to assist the valuer. The market within which mortgages are supplied also impacts on valuation practice and some comments are made in relation to this.

## **1. INTRODUCTION**

The collapse of the UK housing market in the late 1980's/ early 1990's led to a situation in which up to 1.7 million people were affected by negative equity (Millward, 1996) and many thousands were subjected to repossession orders following default on their mortgages. These events, which occurred following the significant rise in house prices during the late 1980's, led both academics and professionals to further consider the accuracy and methods of valuations. A review by the Royal Institution of Chartered Surveyors (RICS) led to the revision of guidance to valuers in the new Red Book (RICS, 1995). In our opinion, such activity has not addresses the fundamental problems associated with residential appraisal in the UK. Indeed criticism has recently been levelled by the Banks on the inadequacies of this revised guidance (Billingham, 1997).

## **2. VALUATION PRACTICE**

In the UK, a purchaser of residential property will usually seek a mortgage from a financial institution such as a Bank or Building Society. In the latter case, in order to fulfil its obligations of

the Building Societies Act, the lender will seek a valuation, and commission a report from either its own in-house valuers or those of an independent valuer or firm. The content of this report varies between lenders. Purchasers too, in “the largest single investment of a lifetime”, in over 80% of cases rely on this valuation. As a consequence, it is established in law that a valuer owes a duty to the purchaser as well as the lender (see *Smith v Eric S Bush*; *Harris v Wyre Forest District Council* [1990] 1 AC 831).

In conducting a valuation for the lender, the valuer’s role is to provide an estimate of a property’s Open Market Value (OMV) in accordance with the Red Book (RICS, *ibid.*). In the majority of cases the valuer will use the process of Direct Capital Comparison (DCC) which has strength in that it focuses the valuer on known quantities; previous transactions in the market place, although the method has been criticised as being weak and ambiguous (Wiltshaw, 1991).

Despite the large number of residential valuations performed by valuers compared to commercial valuations, there are few texts available for the professional and academic. The only text in the UK devoted to residential valuation, Mackmin (1994), provides just four pages on the valuation process; this compares to three chapters in the Appraisal Institutes ‘Appraising Residential Property’ (Appraisal Institute, 1994) in the US. This situation has changed little over the years, and led Jenkins (1992) to suggest that practitioners and academics alike believed that “methods were correct, understood, and sufficient”.

According to Mackmin (*ibid.*), the valuation process is a simple one, comprising four stages:

1. Select comparables.
2. Extract, confirm and analyse comparable sale prices.
3. Adjust sales for noted differences.
4. Formulate an opinion of OMV for the subject property.

Ideally the valuer will seek to find a matching pair, either a previous sale of the same property or a similar one in the same street or estate. Due to the heterogeneous nature of property such evidence rarely exists, and so the valuer will seek a number of properties where values provide the boundaries within which the value of the subject property is perceived to lie. Often an experienced valuer will use only three or fewer comparables (Adair and McGreal, 1987). One view of this process is outlined in Figure 1.

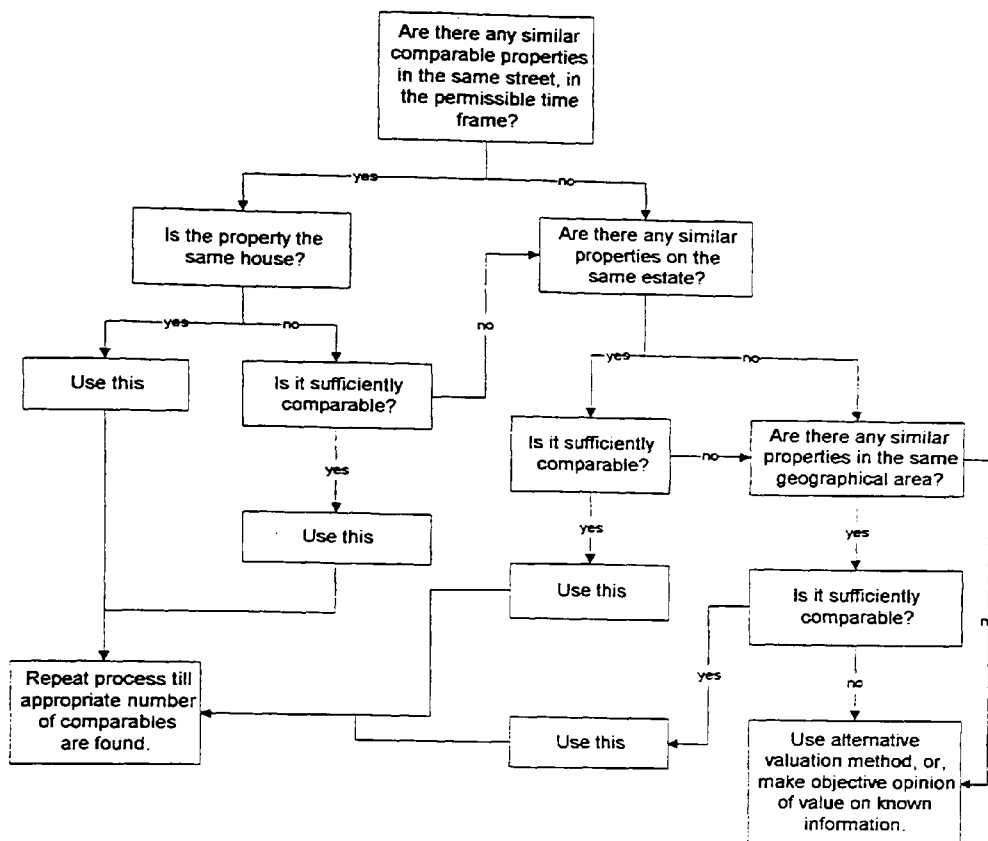


Figure 1. Comparables selection process.

Having selected the comparables, and removed sales considered unrepresentative, the valuer will then go on to make adjustments. Texts suggest the use of an adjustment grid (see Figure 2), in which the various attributes which impact on value are noted and compared against the subject property; where differences occur an adjustment is made. In this respect some guidance is provided in the Red Book as to what factors require adjustment, though the list is not explicit or exhaustive.

| comparables        | Comp 1  | Comp 2      | Comp 3 | Comp 4   |
|--------------------|---------|-------------|--------|----------|
| Price sold (£)     | 51,000  | 50,000      | 52,000 | 51,000   |
| Date of sale       | 30/1/96 | 22/2/96     | 7/1/96 | 12/1/96  |
| Adjusting factors: |         |             |        |          |
| N° beds            | -       | + 1 -£1,000 | -      | -        |
| Reception rooms    | -       | -           | -      | -        |
| Kitchen            | -       | -           | -      | -        |
| Bathroom           | -       | -           | -      | -        |
| W.C.               | -       | + 1 -£500   | -      | -        |
| Central Heating    | -       | -           | -      | -        |
| Double Glazing     | -       | -           | -      | + - £750 |
| Garage             | -       | -           | -      | -        |
| Condition          | -       | -           | -£500  | -£250    |
| Location           | -       | -           | -£250  | -        |
| Planning           | -       | -           | -      | -        |
| Adjusted Value (£) | 51,000  | 48,500      | 51,250 | 50,000   |

Table based on anon (1975). Figures and attributes are for illustrative purposes, and assumes a stable market.

Figure 2. Comparables adjustment grid.

However, no guidance is provided as to what level of adjustment is required. Whilst value is the best option, cost is often used given the availability of digests on cost, although cost rarely equates to value.

In respect of the adjustment process Adair and McGreal (1986) note that, "valuers stress the importance of experience in the market which over time produces an empathy for movements in the market and allows the experienced valuer to reconcile differences among comparable sales evidence and so produce an accurate opinion of value".

Observations from the courts note that total accuracy in valuations is not expected, rather the value of a property lies in a range of values, with a permissible margin of error of 10-15% allowed according to circumstances. Nevertheless, Mason and Rice (1996) highlighted that some 30% of all cases listed in the Official Referees Court were for alleged negligence in valuations. Such figures suggest problems exist in practice. It is our contention that unless changes occur, the problems of the late 1980's may recur.

### **3. CRITICAL OBSERVATIONS OF PRACTICE**

At the heart of valuation is data. For DCC this is evidence of recent sales in the market place. The widespread use of DCC compared to other valuation methods (i.e. cost, income or residual) lies in the fact that evidence of past sales provides the best guide as to the likely value of a property, and evidence of any market changes.

The problem for valuers, especially in England and Wales, is that information on transactions is not accessible from the Land Registry, or other organisations. Appraisers in the US have access to Multiple Listing Services, run by commercial organisations, which provide details on previous sales. As a consequence valuers in the UK have to rely on information from their own valuations, or those of colleagues within their firm. A further source, but potentially less reliable, is information supplied from a third party.

Availability of data is not the only problem. The depth and reliability of the data is also an issue. In the absence of adequate data, the comparable search may become problematic, with the consequence that the adjustment process becomes arbitrary.

The level of information which needs to be recorded is something which practitioners do not readily agree on. Our observations suggest that a typical inspection will provide the valuer with more information on the property than is required for the valuation. A greater problem is the poor use of this data within the analysis stage of the process. Furthermore, whilst a large amount of information on the property is recorded, there is no systematic recognition of the wider set of

attributes that impact on value. A property's value is determined in the market, and therefore reflects the interactions of supply and demand. Observations suggest that valuers frequently fail to note explicitly demand-side (market) related variables in their analysis.

The selection of comparables was noted earlier as being spatial. A search is made for similar properties; though what constitutes "similar" is not clearly defined. For less common properties the locational search may be relaxed. More experienced valuers may dispense with a formal search of a comparables register or database, instead, selecting them directly from memory. Just as the experienced chess player is able to recall moves from past games, so the valuer is able to recall past valuations. Those more experienced may seek or remember transactions which appear representative of a class of properties; if the comparable is "good" it may be used repeatedly. Such practice places the valuer at risk of making mistakes, particularly if other, more suitable comparables exist, that a proper trawl of the database or records may disclose.

Our observations suggest the adjustment sheet noted earlier, which is rigorously applied in practice in the US, if only for forms sake, is absent in the UK. That is not to say the process is ignored, rather some mental subjective adjustment may well occur, that places the valuer at risk of missing some important attribute, or making mistakes in calculations.

A problem solving strategy called "anchoring and adjustment" was referred to by Jenkins (ibid.) in which a target value may be deduced from evidence available to the valuer. The anchoring process is not a problem in itself, however, it does place the valuer at risk of introducing biases into the valuation process. Research in the US (Wolverton, 1996) using a laboratory setting revealed that appraisers were subject to a biasing effect when selecting comparables given a known sale price. Such problems are not confined to the US. Research in the UK has noted a tendency for the tentative transaction price revealed to valuers to be confirmed as OMV (Gronow et al, 1996). Concerns about such practice have been noted elsewhere (see for example Almond et al, 1997).

Valuations should clearly be provided without bias. Indeed the 1994 Monopolies and Mergers Commission report (MMC, 1994) stated that the lenders' "primary interest is to have available a reliable valuation which is free from bias". Clearly this is not so.

There is a further danger that in a rising market, the current transaction comes to be regarded as *the* best evidence of market movement. Whilst valuers may make references to market trends and use signals like the time that properties stay on the market or cues related to local economic performance, such information appears to be applied subjectively. Furthermore, such indicators can be misleading and tend to be backward-looking.

Given that a valuer owes a duty of care not only to the client (in most instances the lender) but



also the purchaser, it appears unacceptable that corners appear to be cut, and that aspects of the decision-making process are routinely omitted. Whilst practice appears weak, it is weakened further within the market in which mortgages are supplied.

In the competitive mortgage market in which the lender wishes to see the transaction realised, there appears pressure on the valuer to provide a valuation that seeks to “prove” a figure rather than provide an open market valuation. (See, for example, Pendered, 1997).

Overall the valuation method is weak in that the valuer over-focuses upon the supply-side (property related) data. There is little evidence of demand-side analysis and no formal accounting for demand-side factors whereas in the US appraisal forms require the valuer to note specific information on the neighbourhood and other such economic information

#### **4. ALTERNATIVE TECHNIQUES**

Concerns about weaknesses in the traditional approach have led researchers to consider alternative approaches, particularly in regard to “mass” appraisals. Research in the UK has been limited compared to that in the US. However, we are aware of empirical studies using multiple regression analysis (MRA) (e.g. Adair and McGreal, 1987), expert systems (e.g. Scott, 1988) artificial neural networks (ANN's) (e.g. Evans et al, 1992) and linear programming (Wiltshaw *ibid.*).

Of the above, it is ANN's which have shown perhaps the greatest potential as an alternative to the traditional DCC approach. In essence ANN's “attempt to mimic the way the brain does things in order to harness its versatility and its ability to infer and intuit from incomplete and confusing information” (Tazelaar, 1989). In that respect similarities exist with the traditional DCC approach. For example, the neural network trains, and infers patterns from previous sales (data) within the database, and produces a value (with about as much supporting explanation as the valuer). However, not knowing the tentative sale price, ANN's can provide a value without bias (Almond, 1997), although historic biases in a training set will be preserved.

Studies to date using ANN's have been largely restricted in their scope and application, usually only using data for a narrow geographic area, and considering a handful of attributes mostly relating to the physical property itself. One weakness of ANN's therefore has been their inability to predict values accurately over heterogeneous areas using a limited set of attributes. Valuers, as noted earlier, collect much data on the property itself, but do not necessarily use all this information within the valuation. However, valuers do not ignore the wider factors which impact on value, they simply account for them in an implicit manner. Therefore, the predictive accuracy of alternative models will be limited if only a handful of property specific attributes are considered,

unless the data is within a tightly constrained geographical area and time frame.

In an attempt to overcome the heterogeneity problem, a two-layered approach has been considered (Gronow et al, *ibid.*). Initially an unsupervised (Kohonen) network was used to deduce patterns or classes within the data. These were then separated out and the reduced sets were passed through conventional back-propagation networks. A mean absolute increase of 10% in the predictive accuracy of the model was achieved over the "conventional" approach (used as a benchmark). These results also demonstrated a higher relative increase in prediction accuracy for properties in most sectors compared to the "executive" end of the market, implying that the data model did not adequately represent important variables in that sector.

In an attempt to improve accuracy further, and in particular to introduce demand related variables, information from the 1991 UK Census was combined with property data and the procedure was repeated (Lewis et al, 1997). This resulted in a further mean absolute increase in predictability of 8%. A more elaborate model has been constructed and is currently being tested.

Lenk et al (1997) conclude, amongst other things, that more technical knowledge is required before confidence can be placed in ANN's for mass appraisal. While this statement is true, we suggest that decomposition of the problem in the form reported by Gronow et al (*ibid.*) and Lewis et al (*ibid.*) points the way forward.

## **5. TOWARDS MORE STRUCTURED PRACTICE**

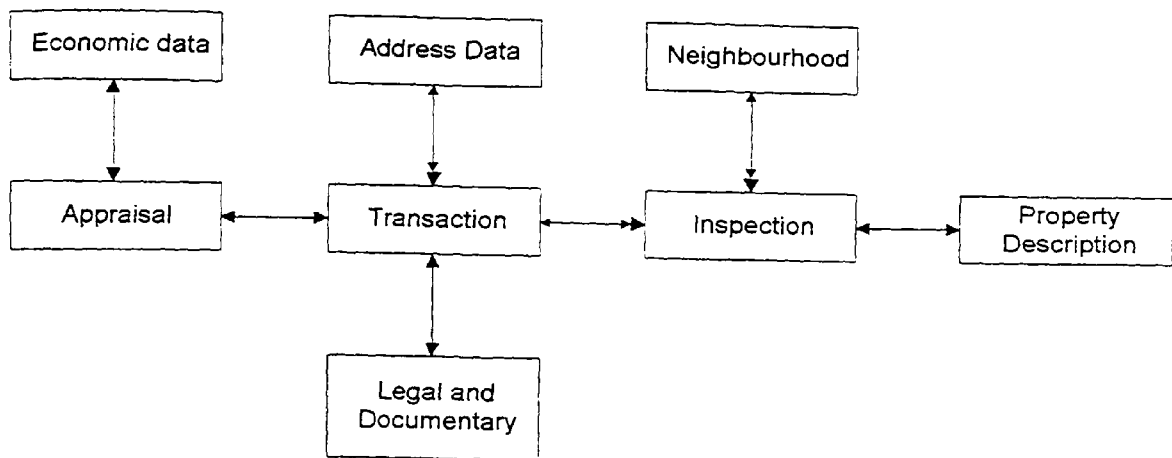
The application of ANN's has often been thwarted by issues concerning poor data (Lenk et al, *ibid.*), a situation also faced by MRA advocates and valuers seeking to employ traditional methods.

A key issue in valuation, no matter what the technique applied, is data. Given that data is the lifeblood of appraisal, we are persuaded for the need of a nationally maintained database of transactions available to all valuers. Given the problems in the US over data quality in commercially owned data sources (Crockham, 1995), the logical solution in the UK would be for data to be held centrally by the Land Registry, with input from the Government, professional and consumer bodies on its specification (Almond et al, *ibid.*).

Beyond the issue of access to data, we are concerned more with the collection and use of data particularly with regard to the selection and consequent adjustment of comparables in the valuation.

Database technology can be used with relative ease after sufficient training (Garbett, 1996), yet

its use within the profession has been limited (Almond et al, 1996) and a recent survey conducted by the authors confirms that take-up remains poor. Consequently, data models have been under-developed. A general schema of the representation of relevant data is shown in Figure 3.



**Figure 3. A general schema for the representation of transaction data in a database.**

Note that the building block of the database is not the property, but the transaction. A double arrow suggests a one-to-many relationship in the data.

Digests of economic data are readily available from private sources though most raw data is available from government departments and will become increasingly accessible if and when the "government.direct" Green Paper becomes law. Address data is already widely available and the Ordnance Survey AddressPoint product enables its use within a spatial context. Neighbourhood data is available in raw form from the UK Census as well as from a variety of commercial suppliers. The key issue is no longer access but the integration of all this data.

However, the largest data input required is from the site inspection. Data can be captured in two ways, the traditional approach is to make inspection notes on-site and use this to form the basis of a comparables database later. Alternatively Jenkins et al (1995) noted how mobile computers could be used to record data on-site using pen driven technology and automatically generate comparable tables. This latter option has received a boost since the advent of the Handheld Personal Computer (HPC) running Windows CE (the latest operating system from Microsoft). The HPC is ten times cheaper than the mobile "laptop", is considerably easier to use and is able to synchronise automatically with PC databases. The system enables a valuer using pen, finger or a conventional keypad to record information on a computer measuring some 160mm by 90mm. The only drawback is that it requires considerable programming skills to prototype bespoke applications. Figure 4 shows one sample from a prototype system developed at the University of Glamorgan.



**Figure 4. An HPC with prototype inspection software.**

Whilst recording data on-site may reduce problems of inaccurate or missing data, it does not remove the problem that valuers fail to properly search for comparables data without bias, or make adjustments in an explicit manner. It was noted earlier that valuers do not appear to use the adjustment grid suggested by texts and employed by appraisers in the US, and is clearly a weakness within current practice. Given the intense pressure on professional time, changes to manual valuation forms to provide specifically for the use of an adjustment are unlikely to be acceptable. Alternatively, database technology might enable comparables to be selected and adjusted on-screen.

As part of the ESRC award a prototype system that partially automates the comparables selection and adjustment process has been developed (Gronow et al *ibid.*). The system, a Microsoft Access run time application was developed using standard database techniques that included the following features:

- Automatic selection of comparables with the greatest attribute matches, weighted according to the degree of comparability.
- Ability to refine search manually.
- Automatic smoothing of transactions by a house price index.
- Facility to manually adjust differences in attributes.
- Production of a value range and value estimate based on matching pair from

- adjustment process.
- Recording of finished calculations.
- Suppression of bias in comparable selection.

An example screen from the adjustment process is provided in Figure 5.

| Analysis                                  |                 |   |      |  |   |           |      |
|---|-----------------|---|------|--|---|-----------|------|
| 111. Bungalow Grange, Treforest, Mid Glam |                 |   |      |  |   |           |      |
| Transaction ID                            |                 |   |      | Synopsis   |   |           |      |
| Transaction ID                            |                 |   |      | 111  |   |           |      |
| COMPARABLES                               |                 |   |      |  |   |           |      |
| 15, Bungalow Grange, Treforest, CF2 6SW   |                 | 21, Number Five Street, Treforest, CF45 4AS |      | Hensol, 27, Bungalow Grange, Treforest, CF37 1EX |   |           |      |
| SUBJECT PROPERTY                          |                 |   |      |  |   |           |      |
| Unit                                      | House           | House                                       | 0    | House  | 0 | House     | 0    |
| Unit Type                                 | Detached        | Detached                                    | 0    | Detached   | 0 | Detached  | 0    |
| Floor Area m2                             | 121             | 115   | 500  | 121  | 0 | 127       | -500 |
| No of Beds                                | 3               | 3   | 0    | 3  | 0 | 3         | 0    |
| Age in Years                              | 70              | 60  | 0    | 25   | 0 | 21        | -350 |
| Heating/Extent                            | Part Anthracite | Full Oil                                    | -500 | Part Coal  | 0 | Part Coal | 0    |
| No of Garages                             | 1               | 1   | 0    | 1  | 0 | 1         | 0    |
| Traditional                               | Yes             | Yes   | 0    | Yes  | 0 | Yes       | 0    |
| Construction                              | Typical         | Granite                                     | 0    | Granite  | 0 | Granite   | 0    |
| Glazing                                   |                 |   |      |  |   |           |      |
| Adjusted comparable value                 |                 | £70,091                                     |      | £69,522  |   | £69,356   |      |
| No of comp's selected                     |                 | 5   |      |  |   |           |      |

Figure 5. Computerised comparables adjustment.

Having addressed the issue of recording data, the selection of comparables and their adjustment, the issue remains as to which attributes should be noted as part of the appraisal. In its current form there is an incoherent structure, and disagreement amongst professionals as to the attributes that impact on value. In Figure 6, a non-exhaustive classification of attributes that impact on value is provided. Practice in the US requires valuers to note factors relating to employment, investment and other economic and socio-economic categories. This should be the case in the UK also. Beyond this, cultural issues and also factors such as buyer behaviour need to be addressed (See for example Daly et al, 1997).

This is not to say valuers aren't aware of this information and to an extent draw on it in the appraisal process. Rather, the repetitive nature of this work means that over time the valuer's practice becomes "tacit and spontaneous" with the result that the valuer may miss opportunities to think about what is happening and be "drawn into patterns of error which he cannot correct" (Schön, 1995). Alongside the more structured and computerised approach that is suggested here, a more reflective approach is required, in which valuers need to consciously engage in a dialogue with the practice situation, reflecting in action and reflecting on such reflection (Schön, *ibid.*).

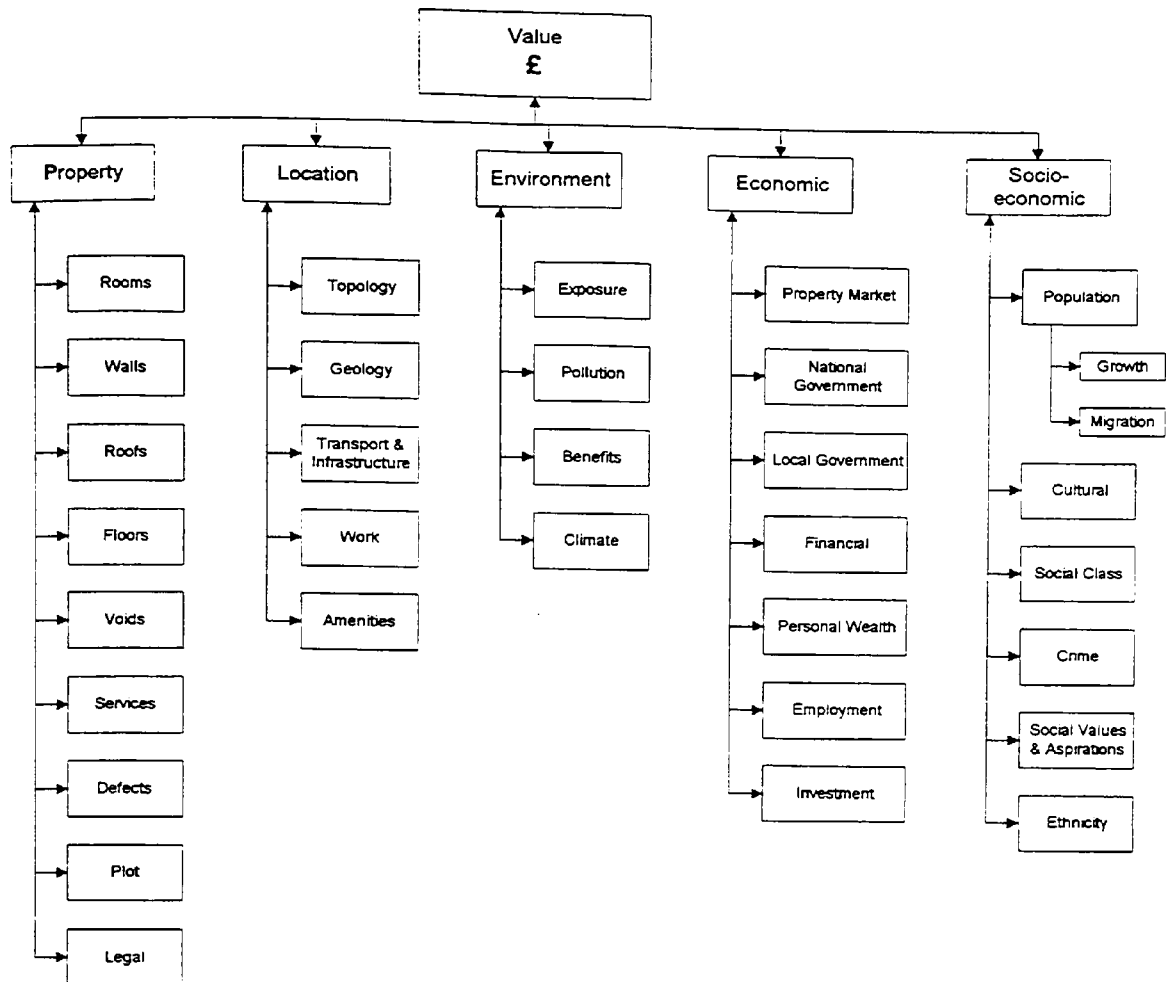


Figure 6. A possible classification of attributes

## 6. RESEARCH PRIORITIES

Through further observation and knowledge elicitation it is hoped that a greater understanding of appraisal practice can be obtained. This includes establishing during the valuation process what information the valuer is using, what past cases or information is being reflected upon and what triggers the selection of that information.

One particular focus will be to define and investigate the impact of local knowledge in the valuation process (a requirement of professional bodies such as the Royal Institution of Chartered Surveyors), yet only broadly outlined in professional guidance. This will involve defining precisely what local knowledge is, and consider the various locational areas within which valuers work in Wales. The local information required to produce an acceptable valuation will also be noted, as will the limits to the transportability (between different localities) of valuation knowledge. For example, can a valuer with no prior local knowledge produce a valuation in an unfamiliar area when provided with sufficient data without the transaction price being revealed?

The further development of comparable systems will soon lead to the incorporation of a neural network value estimate. Through interfacing a neural network to the database of previous transactions, which has hopefully been collected and recorded in a more efficient form, the potential exists for improvements in predictive accuracy. Beyond providing an additional opinion of value, the introduction of a neural network can also provide for an objective check on the valuation against that produced by the valuer. If a different value is returned an opportunity is afforded for the valuer to reconsider the valuation figure, and make any necessary adjustments accordingly. (Although, it is recognised that the neural network's figure is less likely to be accurate at this stage).

Of course, the fact that such a tool is available to the valuer will not make it acceptable. Gronow et al (ibid.) additionally describes a method of extracting the "rule structure" from the ANN black box so that neural networks are demystified. Initial results demonstrated the potential for this, while ongoing research is aimed at improving the explanatory power of network analysis.

## CONCLUSION

This paper is concerned that the practice of valuers and lenders, which contributed to the late 1980's house price collapse, has survived intact. While academic research has been concerned with the development of alternative methods, little effort has been applied to changing practice.

The paper has sought to bring forward some practical proposals and a research agenda to address the situation. Although the emphasis is on technology transfer, it is not our view that systems will replace the valuer, rather they are additional tools for the valuer to exploit.

Valuers, in making explicit their decisions will not diminish their standing as professionals. The valuer is in touch with the market all the time, and is able to assimilate vital evidence in the market place over time. Provided consumers rely upon the "special knowledge" which valuers possess, there will continue be a place for the professional valuer. However, as in all things, the key to survival is adaptability.

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## Behaviourism in valuations

Just over a year ago I began to research the direct capital comparison method of valuation in respect of residential property. Initially the process appeared relatively simple and well understood, perhaps due in part to the dearth of literature devoted to the subject in the UK. Closer inspection revealed this theory to be weak, with observations from practice proving it to be a subjective process, relying on the intuition, skill and judgement of the individual valuer, who seems to employ heuristic strategies which refine the theoretical process into a more manageable form. Relatively little has been written on valuers' decision-making processes and behaviour in valuation practice. In that sense the valuer can be compared with a neural network where the valuation produced is considered akin to a "black box". It is in this area of real estate, "behaviourism", that research is deficient.

It has been recognized in the field of psychology for over 20 years now that human judgement may be affected by cognitive processes which may lead to biases (Tversky and Kahneman, 1974), with these processes often naturally inherent in the subject matter. This work considered a number of heuristic strategies; anchoring and adjustment, representativeness and availability; all of which have a direct impact on valuation practice, in which valuers are often faced with limited information on comparables, uncertain and possibly incorrect data. For the residential

mortgage valuer, the transaction price, as agreed between the purchaser and vendor, is revealed prior to the inspection and valuation, which may, unbeknown to the valuer, have a biasing effect in the selection of comparable properties and the resultant valuation produced (Wolverton and Diaz, 1996).

The property profession, however, has been slow to respond. It is only recently that a body of literature has emerged concerning these and similar issues. The USA (where a relatively greater amount of literature is produced on valuation practice and methods compared with the UK), has led the way in developing a body of literature in this field of research. Julian Diaz III of Georgia State University has been instrumental in highlighting behavioural issues in the valuation process, and in the supervision of work to PhD level, has led the authors to conclude that "... Studies should be undertaken to more fully explore the causes of problem-solving bias in order to be able to formulate debiasing solutions" (Wolverton and Diaz, 1996).

In the UK, Ian Scott (1988) considered the decision theory of valuers in developing expert systems for mortgage valuation, which recognized the need to replicate the valuer's decision processes if systems were to be accurate. More recently, Paul Gallimore at Staffordshire University has produced a number of papers outlining potential biases in the valuation process. In contrast to actual valuer behaviour, Alastair Adair at the University of Ulster has argued for a number of years now that valuers need to take account of buyer behaviour in the valuation process.

The importance of this research has seen recognition from the Royal Institution of Chartered Surveyors, where the recent 1996 Cutting Edge conference produced a number of papers under the category of "behavioural aspects of valuation". Furthermore, on a global scale, there exists a behavioural real estate research interest group with over 20 members worldwide, which can be seen as pivotal in establishing co-ordinated research on an array of behavioural issues in real estate.

Within the UK it is important that research continues to uncover the decision-making processes used by valuers. The work of Diaz, Wolverton and others needs to be mirrored in this country, given the potential differences in both practice and the education of appraisers. The real impact of biases has yet to be discovered. While it is recognized that biases exist in

practice to a certain degree, it may be that their impact has only a limited effect on value. Observations from the courts have shown that absolute accuracy in a valuation is not expected, and that a property's value lies in a range of values, which will depend on an individual valuer's skill and judgement. The problem occurs when this axiom is breached.

Nevertheless, behavioural research has important implications both professionally and academically. Accuracy, and the level of service provided to clients, may be improved through identifying and examining the decision-making processes of valuers, and how potential biases have an impact. Attention must also be given to the valuer's work in respect of guidelines provided by both professional organizations, for example the *RICS Appraisal and Valuation Manual*, and those (if any) provided within the organizations in which valuers work. Such guidance may well be introducing biases into the valuation process itself, in which case acknowledgement of these biases, and the revision of guidance, will be inevitable. The way in which valuation is traditionally taught must also be addressed. At present there exists a divergence between theory and practice. This gap needs to be reduced with a review of the way in which students are taught about valuation, including an awareness of behaviourism.

Complacency from members of the profession will not be acceptable. Changes will not come purely from academic research, but through the co-operation of business, academia and professional organizations, and with it too, the need to accept potential weaknesses in both methods and practice, and the willingness to adopt better practices. Failure to do so may well be met with consequences, not least the threat which exists from new technologies, which have the potential to take over the more routine (mass) valuation work.

Neural networks, systems which are divorced of any bias in human judgement, will shortly be capable of attaining valuation accuracy close to 10 per cent on heterogeneous data sets without prior knowledge of the transaction price. Furthermore, as developments allow a user to interrogate such systems, it will be possible for the neural network to explain its reasoning, and thus enable the user to defend the systems' valua-

tion in a court of law or tribunal (Gronow *et al.*, 1996). From observations of practice at the University of Glamorgan it would be interesting to see how well valuers perform in the absence of transaction price knowledge against a neural network.

In addition to eliciting the knowledge of values, research at the University of Glamorgan is also considering the view of consumers in the house buying process. However, the impact of this and similar studies will only become clearer once the work of the valuer is more explicitly articulated.

It is imperative that a greater understanding is made of the actual decision-making processes employed by valuers. This is no easy task, for valuers bring their own skill and judgement into a valuation, in which their thoughts and processes may differ from those of other valuers, although from a theoretical perspective some commonality exists in the valuation process as suggested by appraisal texts. However, through a developing research agenda, a comprehensive literature will emerge that can enhance both valuation accuracy and professional skills. The research, too, can review and underpin the way valuation is taught in educational establishments. This, however, can only be achieved if there is a willingness on the part of the profession to change.

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# Residential Valuation: Time for Change?

Nigel Almond, David Jenkins and Stuart Gronow

Over the past decade researchers at the University of Glamorgan have been investigating residential valuation practice in the UK. The main thrust has been to understand the decision-making processes of professional valuers and to develop systems that might enhance the process. Most recently the research was funded through a Realising Our Potential Award from the ESRC, which highlighted weaknesses in current UK practice, and made suggested recommendations on how practice might be improved, including the consideration of new technology.

The valuation of residential property for mortgage purposes is largely performed using the method of Direct Capital Comparison, a process which has strength in that it focuses the valuer on known quantities: previous transactions in the market place. However, the mortgage valuer, prior to making the inspection, will be provided with a copy of the tentative sale price as agreed between the buyer and seller.

In the United States, research has shown that providing valuers with this tentative sale price can lead to a potential bias, with comparables selected to prove this known figure. In the UK, our own research has highlighted the practice in which mortgage valuers simply confirm the tentative sale price as Open Market Value (OMV). Using a database of over 100,000 transactions, our research suggests that over 70% of the values returned by valuers, equalled, to the

exact pound, the tentative sale price provided.

In view of such practice, it is difficult to see what 'added value' the valuer is providing in the valuation. Valuers have reacted to the research findings by suggesting that confirmation of the tentative price will ensure that the transaction is approved. But what margin do valuers permit in confirming this price? More than one correspondent to professional journals has suggested that a 10-15% deviation is close enough.

If such opinions are reflected in practice, more weight is being given to the agreement struck between the parties than to the analysis of comparable sales. This would have clear implications for house price inflation.

Furthermore, the valuer's role is not to ensure that the transaction is approved. That is the lender's decision. The Red Book clearly states the valuer's job is to provide an estimate of OMV. It is time that the practice of providing the tentative price was ended.

Of course, this should not occur as an isolated reform. Wider issues need to be addressed. In this respect our report also recommends the following:

- Establish a nationally maintained database of approved transactions, available to all valuers.
- Reform the traditional approach, to provide for a more explicit valuation.
- Change the basis of valuation from OMV to a form of estimated realisation price.

- Introduce an obligation on borrowers to commission their own independent reports. Promote research into intelligent systems.

As well as developing technology to assist in the traditional approach, some research effort has also been invested in the application of artificial intelligence techniques to the valuation problem. Indeed, a major component of the ESRC project and subsequent has been the development of a novel neural network technique for valuing residential property directly from Census and comparables data.

Beyond this, there is still a need for a better understanding of valuation practice. In this respect research is continuing in the behavioural field, to consider valuers' decision-making processes, the information they use, and, in particular, the importance of local knowledge.

It is fair to say that practitioners are not solely at fault. The traditional route into surveying, a degree followed by professional qualification, leads to a situation in which a gap exists between valuation theory and actual practice. Through gaining a better understanding of valuation practice, a review can be made of surveying education, with the aim of developing theory.

Copies of the report submitted to the ESRC, and details of other publications on this issue, can be obtained by sending an sae to N. Almond, Centre for Research in the Built Environment, University of Glamorgan, Pontypridd, CF37 1DL.

## After the bomb: visit to Manchester

The purpose of this day trip was to learn about the progress made in the rebuilding of Central Manchester following the IRA bombing in June 1996. The aftermath left some 49,000 sq. metres of office based business activity incapable of use. A total of 670 businesses and traders were displaced by the bomb.

The immediate response was to set up a Task Force. Known as Manchester Millennium Ltd, it brought public and private sector expertise together with the aim of managing the recovery and reconstruction of the city centre.

There were four main parts to the visit. The first was to the offices of BDP to meet Adrian Jackson, Director, Architecture, who was responsible for the Marks and Spencer redevelopment. Marks and Spencer were at the heart of the explosion and suffered severe damage. Their early commitment to the construction of a new flagship store in the same location (but larger site) provided a considerable boost to confidence in the area.

When complete it will be the world's largest Marks and Spencer store extending across the site of the former store and Longridge House connecting Corporation Street and New

Cathedral Street. The latter forms part of a new pedestrian street designed to create a vista for the Cathedral. Detailed planning permission was granted the week before our visit.

The second part of our visit involved an excellent lunch at the Citrus Restaurant. After lunch we walked to the offices of Manchester Millennium Ltd for the third part of our visit. Here we met Alison Nimmo, Project Director of the Task Force responsible for rebuilding the city centre. Again there was an excellent presentation with an interesting question and answer session afterwards. The fact that Alison is a former student of CEM clearly had something to do with it!

Alison explained that, at the instigation of the then Deputy Prime Minister, Michael Heseltine, an International Urban Design Competition was launched in July 1996 to seek the world's best urban design team to produce a Masterplan for the new city centre. The winning team consists of EDaw, Simpson Associates Architects, Alan Baxter and Associates, Benoy, Johnson Urban Development Consultants and BDP. EDaw are the lead consultants with an overall coordinating role.

Accessibility and convenient circulation form the key to the transport strategy. Within the three year plan significant improvements are proposed to the transport network and a partnership is being formed between the bus operators, the PTA/E, the City Council and the Task Force to rationalise and improve bus services. In addition a new Metrolink station is to be constructed at Shudehill and a new line on Deansgate is proposed. Pedestrian priority also forms an integral part of the strategy.

As far as the built form is concerned, opportunities for residential accommodation in the city centre are being examined.

The public realm aspects of the Masterplan include the creation of a direct visual and pedestrian link between St Ann's Church, Exchange Square and the historic core around the Cathedral.

Finally the last parts of our visit involved a walkabout to the Marks and Spencer site, the Arndale Centre, the Cathedral and the site of the New Cathedral Street.

Greg McGill

Senior Tutor in Planning and Development

*The Society of Property Researchers*

**Property Research Digest**  
**February 1998**

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# Residential Mortgage Valuations - A Question of Value

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Nigel Almond\* and Stuart Gronow (Centre for Research in the Built Environment, University of Glamorgan)

## 1. Introduction

The collapse of the UK residential property market in the late 1980s resulted in a situation in which many people were affected by negative equity, or served with eviction orders following default on their mortgage payment. Furthermore, many cases have arisen in the courts for alleged negligence on the part of valuers, especially at the time when the market was "on the turn". Following the review of commercial valuation methods by the Mallinson committee, revised guidance to valuers was provided through the merger of the Red and White Books into the RICS Appraisal and Valuation Manual, more commonly referred to as the New Red Book, which also provided statements and guidance for residential valuations.

Having found a desired property, a prospective purchaser will negotiate with the vendor to agree a price. Following an agreement, the purchaser, will in most instances arrange for a mortgage. The lender, in order to fulfil its legal obligations, will assess the security afforded by the property against the value of the loan by commissioning a valuation report using the services of either its own in-house valuers, or those of an independent valuer (whose main business will usually come from such instructions). Purchasers too, in what is generally the largest single investment of a lifetime, will in the majority of cases rely on the valuation commissioned by the mortgage lender, rather than commissioning an independent valuation of their own. In doing so the buyer (rightly or wrongly) assumes a degree of skill and care will be made by the professionally qualified valuer in detecting any defects, or other factors likely to materially affect the value of the property given the prevailing market conditions in forming an opinion of value. Furthermore, it has been established in tort that a valuer also owes a duty of care to the purchaser, given their reliance on the lenders valuation, irrespective of whether they actually see a copy of the report.

However, prior to the inspection and valuation, the mortgage valuer is provided with a copy of the transaction price, this being the tentative price agreed between the buyer and vendor for the sale of the property concerned. The contention here is that this compromises valuation practice.

## 2. Valuation Practice

In conducting a valuation for mortgage purposes, the RICS Appraisal and Valuation Manual under Practice Statement 9 states that the role of the valuer is to provide an estimate of the property's Open Market Value (OMV), this being:

"... An opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration at the date of the valuation assuming:

- (a) a willing seller;

- (b) that, prior to the date of the valuation, there had been a reasonable period ... for the proper marketing of the interest ...;
- (c) that the state of the market, level of values and other circumstances were ... the same as on the date of the valuation;
- (d) that no account is take for any additional bid ...;
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

In doing so, the lender in most instances requires this valuation to be produced on its own form, the level and detail required on such forms varying from lender to lender, though all generally requiring details on factors including property type, tenure, accommodation, construction, services and condition.

In the majority of cases, the valuer will use the process of Direct Capital Comparison (DCC) which has a known basis in cognitive techniques. Despite its strength in focusing on known quantities; previous transactions in the market, DCC has been criticised as being imprecise and ambiguous (Wiltshaw, 1991), whilst Jenkins (1992) considered DCC to be weak, and, in this respect, suggested that appraisal texts within the UK "were prone to assume that methods were correct, understood and sufficient". Even today, there is very little for the student and valuer alike. David Mackmin's text "The Valuation and Sale of Residential Property" (1994), the only text solely devoted to residential valuation in the UK, provides just four pages on DCC, which contrasts with texts in the US, for example the Appraisal Institutes 'Appraising Residential Properties' (1994) which devotes three chapters to the sales comparison approach.

The valuation process is a simple one, which requires the valuer to select a number of comparables (the recent sale of properties considered similar to the subject property). The details of them will then be analysed, and differences with the subject property noted, prior to making any necessary adjustment. Having assimilated the evidence the valuer will form an opinion of the property's OMV.

Ideally the valuer will seek to find a matching pair, i.e. the recent sale of an identical property in the same street or on the same estate. However, due to the heterogeneous nature of property, and limited number of sales, such a property rarely exists. As a consequence the valuer will seek a number of properties which after adjustment form a range of values within which the value of the subject property lies. Figure 1 outlines the comparable selection process.

Having selected the comparables, and removed any sales considered unrepresentative i.e. sales not conforming to the definition of OMV, the valuer will make adjustments for any noted differences between the subject and comparable property. Texts suggest this is to be achieved using a comparison grid, which although rigorously applied in the US as a requirement of appraisal forms, is not known to be used explicitly in practice in the UK. A further problem exists in that there is little guidance provided as to what factors require adjustment. Valuation forms concentrate mostly on the supply-side (i.e. bricks and mortar), with little or no attention paid to demand-side (market) analysis. It is at this stage of the process that very little is understood in theory with regard to valuation practice. Much is left in this respect to the knowledge, skill and intuition of the individual valuer to form an opinion of value.

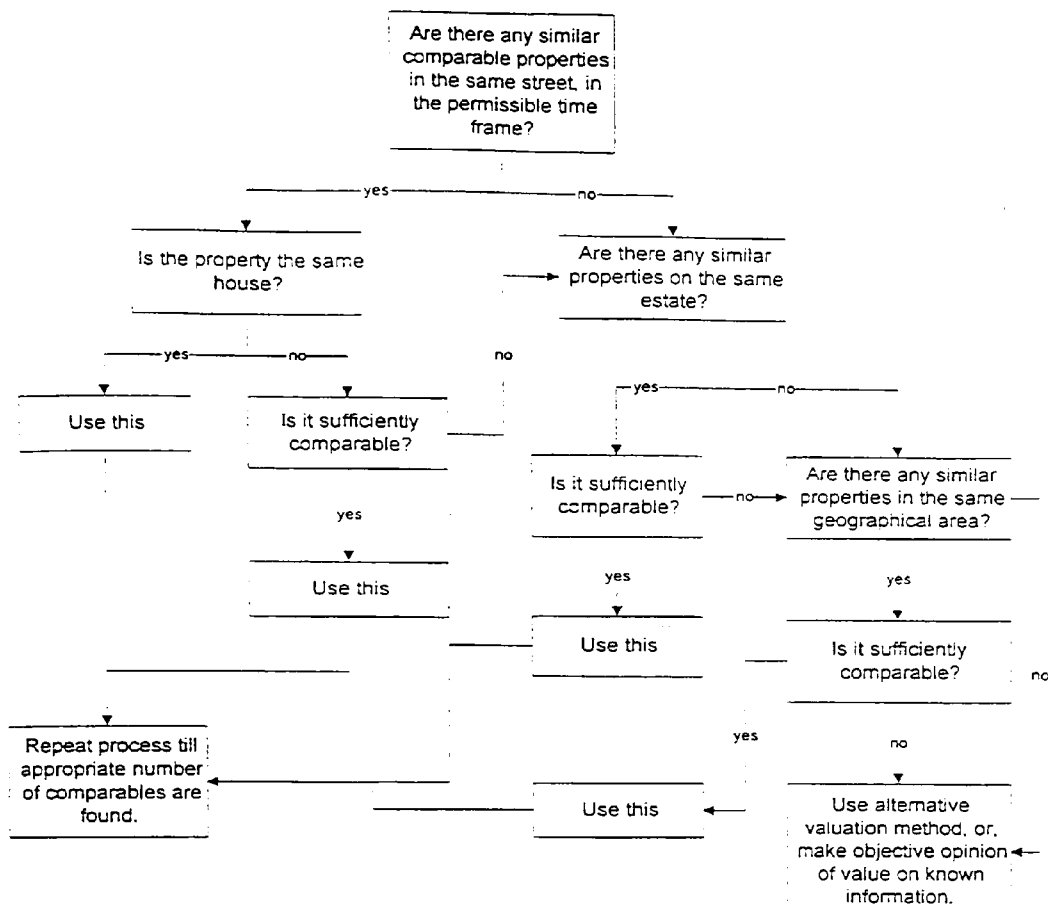


Figure 1. Comparable sale selection process

### 3. Behavioural Issues

A review of cognitive theory points to a number of subjective strategies (generalised heuristics) for problem solving when judgements are required in the face of uncertainty, and particularly when sample sizes are small (Kahneman et al, 1982), and suggest that human judgement may be affected by these cognitive processes which may lead to biases, though such processes are often naturally inherent in the subject matter. In this respect, Kahneman et al (ibid.) considered a number of heuristic strategies; anchoring and adjustment, representativeness and availability; all of which have a direct impact on valuation practice. This is of particular relevance to residential valuation, most especially in England and Wales, where valuers have often to deal not only with too few transactions but also with fragmentary, uncertain and possibly even incorrect data.

In eliciting knowledge from valuers about their working practices in the development of an expert system for council house valuations, Jenkins (ibid.) uncovered the use of a classical anchoring and adjustment process in which an estimate is made by starting from some initial value, that is then adjusted to form the final answer (value). In the case of council house sales the starting figure was provided by a single recent relevant transaction, or by taking the mean of a number of such transactions. Mortgage valuers, however, do not start from some arbitrary figure or *a priori* mean; they are provided with the tentative transaction price, with the consequence that they are likely to seek evidence based upon this figure. Gallimore (1994) also found evidence of an anchoring bias with commercial valuers through a postal questionnaire.



Elsewhere Scott (1988), in eliciting knowledge from residential valuers, found that in the absence of a known transaction price, valuers would use their own knowledge to derive some base value for a typical property prior to the inspection.

Over the past decade, research has been developing with respect to the influence of sale price bias. In the US, Ferguson (1988) suggested that when appraisers were provided with a copy of the sale price, there was pressure to come in at, or above that price. Using data for 326 appraisals, strong evidence was found for this phenomena.

In a more recent study, again in the US, Wolverton (1996), considered the biasing effect of sale and list price knowledge in the appraisal process. In a laboratory setting, appraisers were asked to perform an appraisal of a certain property, and provided with a copy of either the sale price, list price or neither. The study concluded that the selection of comparables is biased by prior knowledge of the sale price, although the data did not support the same conclusion for list price. However, the data on comparable sales (for sale price knowledge) in the study, provided appraisers with fifteen properties, all of which had sold within a three month period with a value range of just \$2,500, representing a deviation of less than one per cent either side of the median value. This raises two issues. Firstly, even when a good set of comparables is available a statistically significant bias can be detected. Secondly, whilst a bias is detected, the overall impact on value is likely to be small, and may not be of great cause for concern. Valuers in the UK, however, do not have access to data sources such as multiple listing services used widely in the US, and therefore find themselves working with fewer comparables. As a consequence the range in values of the comparables in the UK is likely to be much wider, with a potentially greater variation in the valuation dates.

Within the UK, Gronow et al (1996) report that residential mortgage valuers are susceptible to a biasing effect when provided with the tentative sale price as agreed between the buyer and seller. Using a database of 104,254 transactions, it was found that in 65% of all transactions the value returned by the valuer equalled the tentative sale price provided, with 85% falling to within 5%. It is further suggested that these figures would be higher if unrepresentative sales and remortgages were removed from the dataset, although that was not possible within the context of the study. On this basis, it would appear to suggest that residential mortgage valuations in the UK, like those in the US are merely justifications of transaction price, rather than appraisals in their own right (Ferguson, *ibid.*).

In the case of *Gibbs and Another v Arnold Son & Hockley* (1989) 45 EG 156, a valuation certified at the tentative sale price provided, was defended on the basis that as the parties' price was about right; to value at a slightly lower figure would have been irresponsible as it put the transaction in jeopardy. This practice has been confirmed in correspondence elsewhere, with valuers stating that if their opinion of value is close to the figure provided, then the tentative price should be confirmed as it "facilitates the smoothness of the transaction" (Pendered, 1997). How close this figure has to be is open to question, one anonymous valuer suggested that 10-15% was close enough.

#### 4. Discussion

The public, it could be said, are "enthusiastic practising amateurs" for a short time when they come to buy and sell property. In viewing details and properties, they are often able to get a feel for the market at the time, and the likely prices properties will fetch. However, they recognise

their limitations too, and rely on the professional valuers knowledge and expertise of the market to provide a more accurate opinion of value. If a sale is agreed at £65,000, and the mortgage is approved; without seeing the report, the purchaser logically assumes the property is worth that sum. However, cases for alleged negligence often revolve around the fact that the valuer's valuation was incorrect; in the majority of cases due to some physical defect, rather than misinterpretation of the market. Yet, whilst the public supposedly rely on the lenders' valuation, it seems on the evidence available, that the public is actually relying on their own valuations. Under such circumstances it raises questions as to exactly what expertise the valuer does bring in performing mortgage valuations.

Furthermore, the 1994 Monopolies and Mergers Commission report "The Supply of Residential Mortgage Valuations" states that "lenders' valuers might be subject to pressure from lenders to be less than fully objective in their evaluation, leading to either under valuations or, in some circumstances, to overvaluations of properties". Although the report goes further to say that "... All the largest lenders ... told us that there would be no advantage to them from either under or overvaluations: lenders' primary interest is to have available a reliable valuation which is free from any bias". The conclusions of the literature and research suggest this is not the case.

The mortgage valuers role, according to the RICS Appraisal and Valuation Manual is to provide an estimate of a property's OMV, noting anything which materially impacts on a property's value, for example defects in the structure, or changes within the local market. Clearly the provision of the tentative sale price compromises this practice, and on that basis it should be withheld from the valuer. Further, as noted earlier, in its absence valuers would use their own knowledge to gain some prior idea of a property's value.

At the heart of any valuation is data. For the residential valuer access to information on sales is limited, with the need for greater transparency within the market. This situation can be alleviated to an extent by making available, details on sale prices, at the Land Registry. However, sale price is only one factor in the equation. Of greater importance, is the data relating to that transaction, e.g. physical details of the property, information on the neighbourhood and the market, for without this information, a comparison and adjustment cannot be made. In this respect a nationally maintained database, available to all valuers, is required. Of course its specification and maintenance would need to be addressed, particularly given concerns over the reliability of multiple listing services in the US.

In relation to the issue of data, a review of mortgage valuation forms reveals that most attention is placed upon property-related features. Greater attention is required in considering the wider set of attributes that impact on value, especially the need for more demand-side (market) analysis. DCC, as currently applied, requires the valuer to collate details on comparables, assimilate and analyse this data, and apply any necessary adjustments to form an opinion of value. Practice suggests that valuers are in the most part assimilating evidence. The introduction of a sales adjustment grid on valuation forms, as applied in practice in the US, would provide for a more explicit, and a potentially more accurate valuation.

In relation to the definition of value itself, given that a mortgage is more at risk in the early years of the loan, the provision of a valuation in the form of OMV (at a specific point in time), does not provide an objective view of the associated risks, for example the future sustainability of values in the near future. Security in lending is not represented in the prices achieved at the peaks and troughs of cycles, but at their mean or equilibrium. In light of this a remoulding of

OMV into an estimated realisation price, e.g. expressed as “the current value is 95% likely to be realised in the absence of a forced sale in the next  $n$  years” would appear more logical, and add greater quality to the service provided.

In the 1990s greater emphasis is being placed upon ethics. A study in the US (Worzala et al, 1996) has considered the impact of client pressure. Tentative results suggest that residential appraisers would not succumb to pressure from their clients. However, the authors suggest that on the basis of comments provided, there is evidence of pressure being placed on valuers in the market place. In the UK no clear-cut evidence exists of such pressure, however, in the competitive market for mortgage valuation advice, particularly amongst independent firms, whose business mostly comes from such instructions, there is the potential for pressure to be placed on the valuer. The parties, having agreed a price will wish to see the sale realised, and in agreeing a mortgage, the lender too, in what is a competitive market, will also want the sale to proceed. This potentially places the valuer in a position to seek evidence that confirms the transaction price, or even worse, manipulate evidence to ensure that the transaction is realised. For the independent valuer, the loss of business from a lender could possibly damage the survival of the firm, whilst with the in-house valuer, there could potentially be pressure from within the organisation.

## 5. Conclusions

From the results there appears a definite tendency for the valuer to confirm the transaction price as OMV, rather than provide some objective opinion of value. Clearly, given such practice, the discontinuation of providing the valuer with the transaction price is long overdue. However, observations of practice suggest that this should not occur on its own, but in conjunction with the introduction of a nationally managed transaction database, which provides valuers with evidence of all market transactions and data relating to the individual properties.

The occurrence of a bias in valuations needs to be accepted by the profession, and a review of practice conducted in light of this, including the need to change practices and revise guidance where necessary. Of course, a bias in itself is not a problem, provided the valuer is alert to the situation and takes appropriate action. This can only be achieved through placing greater objectivity into valuations. Valuers are often quoted as noting their experience within the market, yet valuers appear only to collect data relating physically to the property. Professional Guidance Notes require the valuer to have sufficient knowledge and experience of the local market, yet a review of valuation forms suggests such analysis appears (in most instances) to be missed out in the process. Instead adjustments, if any, which are made for market changes occur in a subconscious manner.

There is therefore a need to understand whether any market analysis is performed, and if so, what data is used and how this is achieved. This should nevertheless be performed as part of a wider understanding of the valuation process as a whole, in uncovering the valuers decision-making processes. Education can play its part too. A better understanding of current valuation practice can alert graduates to actual practice, rather than so called academic theories taught as part of degree courses, which in the case of residential appraisal, are seldom taught anyway. Providing students with an overall awareness of behavioural issues will help too.

If the objective of the process is simply to determine a property's open market value, the question is raised as to whether there is any need for a valuation as distinct from a listing of

defects. If the profession is to maintain a reputable image, then valuers must be able to clearly demonstrate their ability to “add value” to the valuation process without any bias. In view of current practice an independent review would appear a logical starting point.

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## RICS response to disability legislation

Sir: I have just read the letter from Andrew Bruce of the University of York in the November/December 1997 CSM. He asks why the Institution has taken so long to react to the new Disability Discrimination Act, and hopes that the output of the DDA working party will not be a regurgitation of existing information. He is preparing an MA on the effects of the Act in historic places and is obviously well informed on the subject. Unfortunately, this is probably not the case with most chartered surveyors, so the content of this issue of CSM was designed to raise awareness of the Act.

It will take time before more detailed information can be collated to enable more in-depth advice to be published. The work of the Institution is principally undertaken by the many unsung volunteers who make up working parties, councils, committees, branches and divisions. It is up to us all to put back into the

Institution what we take out. Those of us in the DDA working party had to find time for this work while maintaining full-time employment.

We were however, very ably assisted by Sarah Langton-Lockton, who is the chief-executive of the Centre for Accessible Environments. Clair Goodridge from the Access Committee for England, and support staff from within the Institution itself. Without their help we could not have produced the articles on pp31-8.

There are many things about the Institution that I should like to see changed but I have always believed that the way to effect change is to get involved. I urge all those with expertise in this field to write to T Paton at the RICS in London.

It is only by pulling together that we will reap the benefits that the Institution has to offer.

Richard Cullingworth DipSurv ARICS  
DDA working party

## A rock and a hard place

Sir: The current requirement of the residential mortgage valuer is to deduce open market value (OMV) directly from the evidence. The lender should then judge the reasonableness of the bid price in the light of this information.

However, the valuer is aware of the bid price and there is a tendency to directly assess the reasonableness of the bid. The high percentage of transactions that simply validate the bid evidences this. Correspondents who tacitly or openly acknowledge the practice further show this tendency.

There appear to be two reasons for such views. The first is a blind faith in the efficiency of residential markets. For example, RJ West (Letters, CSM September 1997) suggests that at the end of the market 'process' there needs to be a 'good and substantial reason for the mortgage valuer to alter the figure' (agreed between the parties). But the bid price is not necessarily the OMV. It is arrived at following negotiations between a salesman for the vendor (often lacking a professional qualification) and an unassisted purchaser.

Of course, the bid price will, in some sense, reflect worth to the parties to the transaction, but valuers are paid to distinguish between this figure and the OMV. The second reason is reflected in the comments of V Beadle (Letters, CSM

September 1997). He describes some real circumstances in which the valuer's action might jeopardise the transaction. One might conclude that the valuer's role is to protect his client's interest in the transaction.

However, Beadle concludes,

**Valuation  
advice  
should be  
independently  
regulated.  
What other  
adjudicators  
depend for  
their  
livelihood on  
one of the  
parties?**

CSM welcomes reader's letters, which are published in the first available issue of the magazine. However, due to space constraints we reserve the right to publish extracts where necessary. A full version of all letters accepted for publication can be found on the RICS web site at: <http://www.rics.org.uk/csm/> current. They can be found under the heading, Letters

'The valuer's role is to protect his client's interest in the property'. And this is the nub of the problem. The valuer is caught between a rock and a hard place. He is under considerable objective pressure to validate the bid price and under a professional obligation to provide an estimate of OMV.

Our research has pointed to a situation in which the due process associated with the computation of OMV is being eroded. Valuers often have to decide too many cases in too little time to give adequate consideration to the proper process. We are far from unsympathetic to the valuer's situation. Our suggestion that the bid price should be withheld from valuers has been widely reported. Taken on its own it would undoubtedly add difficulty to an already difficult task. However, it is one thought among many.

Given that the valuer's adjudication on price is of critical importance to vendor, purchaser and lender, and given that the setting of house prices is of great social significance, we offer three further thoughts.

➤ The market for the supply of valuation advice should be

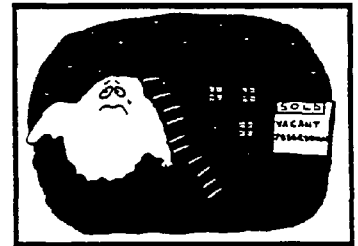
independently regulated, or perhaps valuers should be completely independent of the parties to the transaction. What other adjudicators depend for their livelihood directly on one of the parties?

➤ OMV is not an appropriate measure of value. Sustainability of the asset's worth is the key. Fresh consideration of alternatives is required.

➤ Valuers should have the resources to undertake the task thoroughly. A national house price database permitting access to professionals should be established alongside substantial investment in new technologies to enable professionals to improve quality and efficiency.

Copies of our initial research paper are still available on provision of a stamped addressed envelope, or can be viewed in summary at <http://www.glam.ac.uk/schools/sbe/ropasum.htm>.

David Jenkins and Nigel Almond  
Centre for Research in Built Environment  
University of Glamorgan



## 'Haunted house' phenomenon

Sir: The letter, 'Was the haunted house vacant?' from Martin Cotsen & Co, in CSM last January, which elicited three contributions from other surveyors in the March issue, reminds me of a 'conservative' valuation I did, in about 1967, of a beautiful two-storey haunted house at Adabraka in Accra, Ghana.

The dilemma I faced in this exercise prompted me to contribute an article on the subject, which was published in the maiden issue of The Surveyor – the journal of the Ghana Institution of Surveyors – on the occasion of the Inauguration of the Ghana Institution in August, 1970. Among others, the house was cited as an example in the

a previously perfectly saleable property into a blighted one.

For instance, the town in which I is noted for its trees, and is built on So what should the advice be to any prospective purchaser following the comment Prof Hollis cites? Not to buy? Proceed, but only with caution? The evidence does not support such sweeping comments and ill-founded comment.

A couple of years ago I was asked to carry out a Homebuyer's Report on a term flat. Due to the aftermath of the increase in prices there were a number of unsold and unsold units in the development, but that was not the reason I was asked to advance to suggest the prospective purchasers exercised caution. No - I had to be on the rider that the site had previously been occupied by a factory and therefore it might be contaminated, and also there was a large electricity sub-station within a few metres (rather fewer metres) of this particular site. There was no evidence that the site had taken either factor in consideration.

Who was I acting for? My client was a PI insurer? If my insurers, were they not looking over their shoulders at the court decisions? Are not perfectly good properties being effectively blighted through ignorance?

Is it not time that the society was asked for a separate specialist court to be set up to deal with such matters as the Lands Tribunal does in matter of valuation? Should, perhaps the powers of that body should be extended to include all property matters. At least the defendant surveyor should know that he was not entering into a liability as to whether or not the judge would understand the evidence!

Neville Ireland FRICS FSA (retd)  
Letchworth

## Are we valuers or surveyors?

With some interest letters published in the last issue from Peter Barney and Lord Deal, written in reaction to the highly publicised gossip about the RICS/ISVA merger. I think it is true to say at this stage this is all it amounts to, I believe that it has been made quite clear that ISVA's position is not one of negotiation or conciliation, but rather to see if (if anything) the RICS is proposing.

In my own humble - and personal - opinion, I think that the question to ask is, are auctioneers valuers or surveyors? (I'm sure they have their own

rightful opinion on this matter!) As to Mr Barney's comments, perhaps he could confirm why he suspects all parties are in favour of a merger?

I feel quite sure that ISVA's approach is correct in adopting a "wait and see" policy, since to date it is not ISVA that has approached talks for merger and there is no clear mandate from the RICS for such a proposal - one of the pre-conditions ISVA set before it would re-enter the route of 1989.

In closing, I am sure all members are aware of the considerable steps forward the society has taken in both its marketing strategy and public awareness programmes, and today we stand as the only society in our field still undertaking educational assessments; providing students with practical training as well as academic achievement; and setting standards which are - at least - equivalent to those anywhere in the world!

Neil L Maloney FSA  
London W4

## Explaining an unfair term

Regarding the item on the first page of ISVA News 5, *Examples of unfair contract terms*, I was astounded to read the circumstances of the second case in the last paragraph of the article. Could you please provide me with the explanation as to how this was unfair?

If, like me, the society considers this to be a dangerous and unfair decision, will it put its weight behind an appeal?

Nicholas Austin Blowers ARICS MRSH ASVA  
Nottingham

*The best explanation I can provide is the following extract from the Office of Fair Trading Bulletin relating to a complaint against Royal Insurance Property Services Ltd.*

Brian Grainger  
Professional Services Officer  
ISVA Headquarters

Source of complaint: Consumer

The term appeared in the company's conditions for engagement for structural survey work.

One term was open to challenge in the light of paragraphs 1(a) and 1(b) of the illustrative list in Schedule 3 to the Regulations. It declined any liability if a purchaser was to proceed without obtaining and acting upon further advice if

the report suggested further investigation works be carried out by a specialist firm, such as a structural engineer, timber specialist, drain or electrical engineer.

We considered that this clause could be used to deny liability where, for example, the surveyor had also given reassuring oral advice while refusing to commit himself or herself in writing beyond recommending specialist investigation. As drafted, the term would exclude liability for such oral comment. Accordingly the term had potential for unfairness for the purposes of the Unfair Contract Terms Act 1977 and the Regulations. Any restriction on liability for death or personal injury arising from negligence was void under the Unfair Contract Terms Act and any restriction on liability for other sorts of loss or damage arising from negligence was subject to the reasonableness test.

The clause was deleted.

## The Slades: an appreciation

As a past chairman of Wessex branch, I was delighted to read the article in the May/June issue concerning the Slade brothers, the eldest of whom, John, was very active in the branch in the 1970s.

It crossed my mind that, in the previous century, a family possessed of three or more sons was reputed to encourage the first to go into the Royal Navy, the second the army and the third the church. One wonders what a sociologist would read into all three taking up the profession of the land as the 21st century approaches?

Perhaps "smart suits, good income and company car" have supplanted the requirements of that large proportion of the world's map then coloured red? Anyway, in this case, the empire's loss has been ISVA's gain.

Barry Simpson FSA (retd)  
Cornwall

## Sound evidence

I read with interest the article (*Sound valuation evidence?*) by Nigel Almond, Stuart Gronow and David Jenkins in the last issue and have subsequently read the summary of their report, though not the report itself. I agree whole-heartedly with the desire to see greater transparency in comparable information and would also

Continued on page 4

Continued from page 3

Some transaction prices being available from the Land Registry. This evidence would, however, have to be used with some caution as it would be likely to record anything other than the facts of a transaction and might miss nuances such as delayed completion.

I do, however, disagree with some of your conclusions. The heart of the issue is to be the role of the valuer: does he lead, mirror or follow the market?

Perhaps we should first consider the role of the valuer if he or she is involved. In most cases the valuer is appointed by a lender to assess the value of the security to be taken against the loan. The borrower may also rely on the valuation to give comfort that the value is not wrong. Alternatively, and probably rarely, the valuer may have been specifically employed by the purchaser to give that advice. To put it in the terms of the Red Book: had the valuer acted knowledgeably, prudently and without compulsion "in accordance with the best market information available at the time" (PS4.1.10).

I quote from the Red Book not because it is mandatory, or indeed necessarily right, but because I believe that the words do properly reflect the part that the valuer should play in the property market.

Whichever party the valuer is advising he or she is to advise on the best price then available in the market, and I am happy to rely on the wording of the Red Book but will not quote it in full.

In his or her research, a valuer will rely not only on actual sales in the market, but also on properties which are for sale, not yet sold, and properties which are not yet offered. Only by considering all three can he or she picture the dynamics of the market in which he or she is valuing.

The tentative price represents a price entered into bargain generally between knowledgeable parties. Anyone who has acted as an estate agent knows that both sellers and buyers will usually have some background knowledge of other properties and of both actual prices and the way in which a market is moving. Very rarely does a purchaser buy the first property that they see.

The fact that the bargain is "not particularly relevant, nor is the fact that in the majority of cases the

bargain requires the purchaser to borrow money from a third party. The purchaser still calculates the economic cost to them of making the acquisition. In the case of a mortgage that economic cost is spread over a number of years. We do not differentiate between buyers of television sets according to whether or not they need HP nor, indeed, do we consider that the HP company should dwell over-much on the values of those TVs.

In the course of his or her research, a valuer may be led to the conclusion that the tentative price is indeed the market value (or open market value if there is any difference) of the property. If so, why is he or she wrong to confirm it? Surely, he or she should only set it aside if he or she considers that one of the parties has not acted knowledgeably, prudently and without compulsion. In the absence of such fears, or indeed other extraneous factors, this is the very best evidence available.

Withholding the information about the "tentative" price should, in any event, have little effect as the valuer's research should throw up this information. If it were not supplied it would have to be researched and the evidence of third parties, who would be giving assistance without liability, would have to be relied on. It seems odd to me for greater transparency to be called for on historic data but to withhold the most relevant market evidence.

I refute the suggestion implicit within the summary that valuations can themselves be inflationary. House price inflation results from additional demand not being met by additional supply. If valuers are set in the part relying only on previous transactions they are simply out of step with the market in which they are supposed to be expert.

Alan P Collett FRICS FSV  
London W1

*Nigel Almond, Stuart Gronow and David Jenkins of the University of Glamorgan reply*

Alan Collett's letter is a helpful contribution to the debate and we agree on some key points. Some of the thrust of his argument relates to satisfying the demands of the Red Book in respect of Open Market Value (OMV). We want to make it clear at the outset that our report (*A Comparative Study of Residential Valuation Techniques and the Development of a House Value Model and Estimation System*) recommends the replacement of OMV with Estimated

Realisation Price (ERP).

First, we agree that database records, even centrally managed records under the auspices of (say) the Land Registry, need to be approached with care. This is why we agreed in our report (and The Valuer article) that valuation professionals, among others, should be involved in the specification of any database.

We also agree that it is regrettable that valuers are rarely employed to give advice to the purchaser. It is because of this very fact that we have difficulty in believing that "the purchaser still calculates the economic cost to them of making the acquisition". In so far as purchasers make this judgement, they do so as enthusiastic amateurs. Purchasers, unlike valuers, are not qualified to see the transaction in the context of the wider market. Millions of homeowners in negative equity signally failed to calculate the economic cost to themselves correctly in this decade.

Equally significant is the fact that most professionals failed to warn of the dangers. We believe that this failure was due to the fact that valuers were pursuing the wrong target (OMV), with misleading evidence (inflated transaction and asking prices) to the wrong client (deregulated financial institutions awash with cash).

To prevent a repeat, valuers need to be ERP (or some other measure of sustainable equilibrium prices) with hard evidence (completed transactions verified from a central database together with explicit market intelligence) on behalf of the purchaser. This would require minimal regulatory change and would significantly enhance the role and independence of surveyors.

Of course, lenders would still need to measure risk and they too would require professional advice. However, we doubt whether the cost of this advice would be visible in the highly competitive market place for mortgage lending.

Consumers and surveyors would be the beneficiaries.

Finally, of course, we agree that house price inflation is not caused by valuations. However, our report shows how current valuation methods focus valuers only on the most recent transactions prices. The question we ask of surveyors is this: what leading indicators are you employing to ensure that price increases are sustainable?



profession who are aware of it: not only because they feel that I have been placed in an unfair position but because, whether we want to face it or not, the potential exists for the dependants of all other chartered surveyors, especially those of sole practitioners, to find themselves in a similar situation.

In addition, as it is the beneficiary(ies) who are liable, I should die within the next six years, my son and stepson (as my beneficiaries) would be expected to take on the liability. A great deal of discussion and correspondence, at the highest levels, has ensued, with the ICS, the Benevolent Fund, and a number of insuring organisations, in an attempt to resolve my problem, but all have failed, and it is now clear that nothing can be done to help me.

However, it is equally clear that this is not a situation which should be allowed to continue, and that something needs to be done to save others from the same fate. Although it would be possible to arrange additional insurance cover to deal with this eventuality, the substantial increase in the level of premiums involved would be unacceptable when, it might be hoped, only a very small number would be affected.

However, it occurs to me that the answer may be to set up a charity for the sole purpose of providing financial assistance to lower PII liability in situations similar to my own. I have spoken to the Charities Commission, which has agreed in principle that this should be possible, and to people who would be willing to act as trustees. And I have contacted grant-aid charities which have said they would be willing to consider making (as yet unspecified) grants to such a charity, once registered.

However, in order to be able to register, I have to be able to show the existence of start-up funds and the availability of future funds.

Regrettably, I do not have these funds myself, but there are a great many chartered surveyors in the UK and I am hoping that, together, it may be possible for us to get something off the ground.

The purpose of this letter, therefore, is firstly to make you aware of the situation which exists for all of us: to ask for

any comment, assistance or advice you may care to offer on how to overcome the problem, and to ask how you would feel about making a personal contribution.

Mrs D Bevan  
72 Worston Road  
Highbridge  
Somerset

Pamela Hirst, director of standards and practice, replies: **The situation Mrs Bevan finds herself in is, indeed, distressing for all concerned. The Institution, for some years, has been looking at the possibility of an insurance product whereby members could contribute to PII run-off, while still in practice, for their own or their family's benefit post-retirement.**

However, a product of this nature needs sufficient critical mass to make it attractive, and, of course, people working in firms employing more than one person can usually rely on their firm's ongoing PII to cover them, at no cost, for run-off.

Readers are invited to let me have their comments.

## Site value rating and taxation

Sir: Further to Mr Nicholson's letter in the April issue, I second the idea that by the millennium we should get the economy back on track by sorting out the distortions caused by the way the land market presently operates.

It is the capitalisation of the expectation of future gain that causes land prices to lose any relationship to the present economy.

As land is an essential element of production, the effect on business activity is disastrous when the eventual correcting adjustment is made as we have just seen over the last six years. The cost of labour and capital regularly adjusts to current conditions but the purchase of a freehold/long lease or agreement of a rent at the wrong end of the cycle can cripple an otherwise healthy business.

There is no good reason to exempt residential or agricultural land from site value rating as these sectors can suffer in the same way. A view may need to be taken of occupiers on sites with a large

alternative value but this should not divert us from the benefits of implementing the system for the country as a whole. Recent IPD research, as reported in the April issue, indicates residential property represents 41% of the total net wealth of the UK economy, so this is a potent source of revenue and, of course, council tax would be abolished.

People do not want to pay more taxes just for producing more, they want a climate where enterprise, initiative and effort are suitably rewarded, and not discouraged by the government's spending requirements.

This levy is the only tax that does not discourage production, because land is not being made any more.

Al Cormack FRICS  
London N2

## Moisture meters

Sir: Many of the issues raised in April's letter from a chartered chemist, Dr Monk, regarding the use of moisture meters by surveyors are legitimate.

However, for a detailed analysis I would refer readers to Luton University's research group, which delights in the acronym of MORG.

The research, funded by TRADA and the European Union, is investigating the reliability of various moisture meters on the market in Europe and North America. One can read more on the Internet.

Stephen Mortimer FRICS  
Dean of Faculty of Science & Technology,  
University of Luton  
Bedfordshire

## Valuation

Sir: I read with interest Paul Gallimore's article reviewing behavioural aspects of valuation (CSM, April), and hope very much that practitioners take note of this research.

It was interesting to note Paul Gallimore's comments regarding the fact that UK practice is moving towards that of the US.

On the basis of similar independent research at the University of Glamorgan, the problem of 'validating sale price' already exists. In the UK, as in the US, valuers are aware of the tentative transaction price, as agreed between the buyer and vendor, before

making an inspection and valuation. Based on the data for 104,254 approved mortgage transactions in the UK, it was noted that in 65% of cases the value returned by the valuer, equalled – to the pound – the price revealed to the valuer. Once known unrepresentative sales were removed this figure rose to 68%, with 89.5% falling within 5%. This clearly demonstrates that valuations in the UK are biased too.

Copies of this research can be obtained from me at the University of Glamorgan.

Nigel Almond BSc (Hons)  
Centre for Research in the  
Built Environment  
University of Glamorgan  
Pontypridd

## Building surveyor in a quandary

Sir: Having recently undertaken a building survey on a property, I am in a quandary.

In making the survey, I noticed in the roof void that part of the chimney stack was inadequately supported on a length of timber bearing on the ceiling joists.

The inspection of the accommodation below revealed that the chimney breast had been removed to first floor ceiling level.

Externally, the flue terminal is in place, marginally distorted, showing four-flue pots. However, internally there is only one fireplace, with a closed opening to the first floor.

Obviously, some major remedial works are required to stabilise the chimney.

My question – not having been allowed to make the mortgage valuation in conjunction with the survey (being a sole practitioner and not on the building society's panel) is, what is my best advice to the clients? Do I suggest that they proceed with the purchase and make the required repairs themselves, hoping to negotiate a reduction, or do I suggest they purchase and then point out this major defect to the building society? It must severely affect the value of the security (and possibly the clients safety).

I would be grateful for advice and guidance from any other practitioners as to how best to advise my clients.

T J Radcliffe FRICS  
Taunton  
Somerset



will be formed into a more formal Design Build Institute towards the end of this year.

Those who wish to know more should contact me at Roy Paramor Associates, tel: 01962 779 719 or Fax: 01962 779 541.

*Roy Paramor  
Roy Paramor Associates  
Winchester  
Hants*

## A case of too soon — though not too much

I refer to letters from Brian Grainger (4 April) and Jeremy Waters (28 March) in reply to my earlier letter (14 March) on residential mortgage valuations.

I do not for one minute suggest that valuers ignore evidence of a previous realised sale, to which Mr Grainger refers in relation to both the BBL case and Red Book. My contention is that the transaction price revealed to valuers prior to the inspection and valuation, which is a tentative price agreed between the purchaser and vendor, has a biasing effect on the valuation.

This is confirmed in my research, and in work which has been conducted independently by US researchers. What would happen if this tentative price included cashback on realisation of the sale or another inducement of which the valuer was not aware?

The BBL case concerned commercial property worth millions of pounds. To put this in context, how much detail, including research on marketing history, does the residential mortgage valuer have to carry out on a property worth £60,000 when six similar valuations have to be done on the same day?

If valuers are able to value as accurately as the letters suggest, there is no reason why they cannot value without this tentative transaction price. What my research does recommend, and Brian Grainger knows this, is that there should be a nationally-managed database of realised transactions available to all practising valuers.

But are valuations as accurate as has been suggested? Mr Waters has expressed real concern in a previous article (14 February) noting that valuers are defying court judgments and Red Book requirements. Further, it was noted last year that 30% of cases in the official referees court were for alleged negligent valuations.

The recent High Court ruling which allows a 20% margin of error provides little comfort.

If the public are getting the price 'about right' in most cases, as suggested in Mr Waters' letter, what specific value is the valuer adding, other than identifying defects in the property inspection?

*Nigel Almond  
University of Glamorgan  
Pontypridd*

Please send your letters to:

**PROPERTY WEEK**  
40 Marsh Wall  
London E14 9TP  
Fax: 0171 560 4012

CompuServe:  
106030,2603  
Internet: 106030.2603  
@compuserve.com

## Be cautious of lenders' valuations

I read with interest the article 'Buyers keep report brief' (Residential, 21 February), which indicated that over 80% of prospective homebuyers rely on the mortgage valuation rather than a more detailed inspection.

These figures are somewhat alarming in a market where the transaction price (as agreed between the vendor and purchaser) is provided to the mortgage valuer prior to the inspection and valuation.

It has been noted in research at the University of Glamorgan that from a dataset of over 100,000 mortgage transactions, the valuation produced by the valuer precisely equalled, in at least 65% of the cases, the transaction price revealed to the valuer. Some 85% of values fell within 5% of the transaction price.

With the removal of unrepresentative transactions, these figures increase even further. In effect, homebuyers are relying on their own price.

Such practice gives no credit to the profession, or the mortgage lending industry as a whole, and clearly shows the need for an independent review of mortgage valuation practice in the UK.

*Nigel Almond  
Research Assistant  
University of Glamorgan  
Pontypridd*

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# An investigation into the use of compulsory acquisitions by agreement

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*Nigel Almond and  
Frances Plimmer*

## The authors

Nigel Almond is a Research Assistant at the Centre for Research in the Built Environment, and Frances Plimmer is Editor of *Property Management*, and Reader at the School of the Built Environment, University of Glamorgan, Mid Glamorgan, UK.

## Abstract

Compulsory purchase is a subject which, over the past decade, has received much attention, particularly with major infrastructure schemes such as the Channel Tunnel and the associated rail link. Examines an area of compulsory acquisition which has received scant attention; that of acquisitions by agreement. Outlines the research focusing mainly on public sector organizations. Outlines the legal and statutory background to acquisitions by agreement; and more importantly the reasons why an authority will choose to pursue the route of acquiring by agreement, as opposed to acquiring by compulsory purchase, particularly when both options are available. Also considers the advantages, and disadvantages, to both the acquiring authority and vendor in acquisitions by agreement.

## Introduction

Powers of compulsory purchase are an important tool to both the public and private sector in the provision of their statutory function. However, an acquiring authority may, for whatever reason, choose not to use such powers and acquire by agreement instead or, under certain circumstances, statute may prevent the use of compulsory purchase, therefore leaving acquiring by agreement as the only option. In either case, the acquisition will be the same as that between any vendor and purchaser.

While a considerable amount has been written on the subject of compulsory purchase, little has been written on acquisitions made by agreement, for example a standard textbook by Denyer-Green (1994) devotes only six pages to the subject. This, however, fails to recognize its importance, especially when one considers the draft policy by the Country Landowners Association (1995) which advocates that all acquisitions should be made initially by agreement, and only when this fails should compulsory purchase be used.

The research has considered the statutory background to acquisitions by agreement, and the relevant case law up to April 1995, before investigating how common acquisitions by agreement are; why an authority may choose to acquire by agreement as opposed to using compulsory purchase; the merits and demerits of acquiring by agreement; and whether all acquisitions should be made this way.

## Statutory background

With the exception of a small category of people, for example minors, everyone has the freedom to buy and sell land without limitations. A body which acquires land, either by agreement or compulsorily, is able to do whatever it wants on that land, other than that which is limited by law, e.g. not to cause a nuisance to its neighbours.

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The authors wish to thank all those who responded to the questionnaire or who were willing to be interviewed as part of this research.

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Today a number of organizations are able to acquire land, these include local authorities, urban development corporations, the now privatized public utilities (e.g. electricity companies) and, under certain circumstances, a private company may be given powers of compulsory acquisition for its function, for example, Eurotunnel.

Where bodies such as local authorities acquire land by agreement (as with compulsory purchase) they must ensure that the land acquired is for a specific purpose, i.e. one which can be justified publicly. To go beyond this would be *ultra vires* i.e. "...seeking to acquire land for a purpose or function beyond that for which the acquisition is authorised..." (Anon, 1994), and therefore unlawful. For example, it would be *ultra vires* for the Land Authority of Wales to acquire land in England, as its statutory provision only relates to Wales. Thus, it is not possible to acquire land by agreement in the total absence of statutory control.

Statutory authority is therefore required for several purposes, namely:

- legalize the function(s) of the acquiring body;
- legalize the powers to acquire by agreement;
- legalize an act which would otherwise be unlawful, e.g. a particular use of land.

Powers to acquire by agreement are usually given where a body has the authority to acquire compulsorily in accordance with s. 3 of the Compulsory Purchase Act 1965. For example, s. 238 of the Highways Act 1980 states that "Any power under sections 239 to 246 ... to acquire land, except the power under section 246 (2), is exercisable compulsorily or by agreement".

There are, however, certain statutes which only permit acquisitions by agreement. Table I provides a list of statutes which permit acquisitions by agreement only.

### Differences to acquiring by compulsory purchase

When a body, for example a local authority, requires land for a purpose, it usually has the choice of acquiring by agreement, or making a compulsory purchase order (CPO). In the latter case, the procedure is laid down in Part 2 of the Acquisition of Land Act 1981, although the authority may choose to acquire by agreement prior to the confirmation of the order and the despatch of the notice to treat.

When acquiring compulsorily, compensation is payable in accordance with the compensation code laid down by statute. Therefore a claimant may be paid compensation for:

Table I Statutes which only permit acquisition by agreement

| Act   | Section         | Purpose   |
|---|-----------------|---|
| Planning (Listed Buildings & Conservation Areas) Act 1990 | 52              | To acquire buildings of special architectural or historic interest  |
| Highways Act 1980   | 246 (2) (a) (b) | To mitigate adverse effects of construction   |
| Highways Act 1980   | 246 (2A)        | To acquire property which has been blighted, though not statutory blight  |
| Highways Act 1980   | 248 (1)         | To acquire land where there is a real possibility that it will be required for the proposed scheme                        |
| Ancient Monuments and Archaeological Areas Act 1979       | 11              | Local authorities can only acquire by agreement any ancient monument, adjoining land, or easements affecting such land    |
| Land Compensation Act 1973                                | 26              | To mitigate any adverse effects of public works   |
| Transport Act 1962  | 11 (4)          | To acquire land for development, other than for the purpose of their business for railways, inland waterways or pipelines |
| Historic Buildings & Ancient Monuments Act 1953           | 5               | Acquisition of historic buildings... and adjoining land by the minister concerned   |
| Open Spaces Act 1906                                      | 9               | Transfer certain open spaces and burial grounds to local authorities  |
| Public Health Act 1875                                    | 164             | To acquire land for public walks or pleasure grounds  |

Note: This table has been compiled with the aid of the *Planning Review: Land Acquisition and Disposal* (Ratcliffe, 1982), with additional information from Halsbury's Statutes

the value of the land taken; any injurious affection; and disturbance compensation.

However, in the case of acquisitions by agreement (either with or without a confirmed CPO in the background), a substantial part of the legislation concerning compulsory purchase does not apply. Therefore agreements made in this way are governed by the ordinary law which applies to a vendor and purchaser. Such agreements must then comply with the provisions of s. 2 of the Law of Property (Miscellaneous Provisions) Act 1989 to be enforceable in the courts.

Consequently, when acquiring by agreement, the vendors (and their advisers) must ensure that the contract contains sufficient clauses to protect their interests, because, for example, bodies acquiring in this way are not legally bound to pay costs, such as disturbance compensation, professional fees, and any home loss payment which would be paid had the authority acquired compulsorily. However, with a purchase by agreement, the vendor is under no obligation to sell until contracts are signed and so may withdraw from negotiations at any time.

Under certain circumstances, an acquiring authority is bound by compulsory purchase legislation when acquiring by agreement. Section 120 (3) of the Local Government Act 1972 states: "Where under this section a council is authorised to acquire land by agreement, the provisions of Part 1 of the Compulsory Purchase Act 1965 (so far as applicable) other than section 31 shall apply...". The effect of this clause is that where an authority acquires land by agreement, it may override any restrictive covenants by virtue of s. 10. Other provisions by which an authority may be bound, include the power to purchase or redeem an interest of the mortgagee (s. 14), the effect of interests omitted from the purchase (s. 22) and the costs of the conveyance (s. 23).

In the case of land acquired from charitable trustees by agreement (by virtue of s. 3 of the Compulsory Purchase Act 1965), the procedure for fixing the purchase price is the same as for it being acquired compulsorily. For other bodies (e.g. the Land Authority for Wales and urban development corporations), certain guidance is provided for acquisitions made by agreement.

Owners over 60 years of age on the date of the acquisition may have compensation payable for the total extinguishment of their

business under s. 46 of the Land Compensation Act 1973. In *Sheffield Development Corporation v. Glossop Sectional Buildings Ltd* [1994] the court held that a person could claim under s. 46 if the giving up of possession is "in consequence of the compulsory acquisition".

Where land is acquired by agreement, the equitable interest will pass at the date of the agreement, and "compensation" will thus be paid as at this date. In *Washington DC v. Bamlings (Washington) Ltd* (1984), the corporation wished to acquire certain plots of land rather quickly, and so to achieve this, the parties entered into an agreement dated 13 May 1975, which stated:

...The Vendor will sell...the said land...at a price to be agreed...as if the necessary steps for acquiring such interest compulsorily had been taken...and a notice to treat had been served on date hereof... The corporation shall be entitled to take possession of the said land at any time after the signing of the agreement... *Washington DC v. Bamlings (Washington) Ltd* (1984).

In the event, the corporation took possession of the land piecemeal over a period from June 1975 to April 1980, and later the parties failed to agree on what was or were the relevant date or dates at which the price payable for the land should be assessed. The corporation contended that as the agreement was not a "parliamentary contract" but a contract for the normal sale of land, the equitable interest passed to the purchaser on the date of the agreement.

In reaching their decision the Court of Appeal stated "...we think that the parties must be deemed to have contracted having in mind the ordinary principles established by that decision as to the date by reference to which the value of the land falls to be assessed on a compulsory acquisition." (1986) 52 P&CR 275. It therefore upheld the decision of the Lands Tribunal that the relevant dates were the earlier of: the date when the value is agreed or is assessed by the appropriate tribunal; or the date when possession is taken by the acquiring authority. In this case it was when the parcels of land were taken.

It is clear from this case that even when vendors contract to sell land by agreement, they (and their advisers) must ensure that there are sufficient clauses to protect their interests, and even when it appears that this is clearly done, as in the Bamlings case, it may still be possible for there to be room for dis-

agreement between the parties which will then be left for the courts to decide.

## Valuation

When land is acquired on the open market, it is usually valued by reference to comparables, and the parties agree a price reflecting these figures because they are both willing parties to the transaction. Acquisitions made by agreement, like those made by compulsion, are also based on “open market” value. However, as with compulsory acquisition there is no real sale in the open market; there is no “willing vendor”, because the vendor is given no option as to the timing of the sale, nor the state of the market. In the absence of any premium or flexibility in the negotiations, statutory compensation fails to recognize the uncertainty, upheaval and worry of the compulsory purchase.

The only legal difference between acquiring by agreement, as opposed to compulsory purchase, is that under agreement the vendor is under no obligation to sell, and so could become unco-operative, with little or no sanction imposed by the law. In such cases, the acquiring body has the option of serving a notice to treat once the CPO is confirmed, provided powers of compulsory purchase are available in statute.

In addition to this, the acquiring body is likely to be spending public money, and therefore must satisfy the reasonableness to the public auditors of the purchase price, which is usually construed as being the price which would have been payable under the compensation code (so-called “rule 2” compensation).

Therefore, to minimize the risk of “ransom” situations occurring, a body is more than likely to assess a purchase price in accordance with the compensation code when acquiring by agreement and as such will take into account the provisions laid down in the Land Compensation Acts. In such cases, the price payable will be considered as, “...a valuation concept in a legal dress, ‘market value’ wrapped up in the verbiage of statutory provisions” (Anon, 1984). In the case of private companies not bound by public auditors “over the odds” payments could be made to avoid potential “ransom” situations.

There is, therefore, something of a dichotomy. In the open market, a purchaser and vendor are free to agree a sale at any

price, although professional valuation advice would reflect prevailing levels of value discernible in the market. In the assessment of compensation under the legislation (particularly ss 5 and 6 of the Land Compensation Act 1961), the “open market” value is required to ignore the effects of any development proposed by the authority – a process often referred to as placing the valuer in a “no scheme” world. This can mean that the compensation paid falls short of the level of values actually achievable in the open market.

In a purchase by agreement, where an acquiring authority’s valuer is required to follow the compensation code, it seems unlikely that the vendor will agree to a sale at a price which falls short of the true open market value. Purchases by agreement are therefore only likely to proceed where a price fixed under the compensation code matches the true open market value. However, the research did not deal specifically with the issue of purchase price, rather it concentrated on the issue of acquisitions by agreement.

## Reasons for acquiring by agreement

The majority of statutes today which provide for the acquisition of land enable acquisitions to be made either compulsorily or by agreement. The research was carried out by way of a questionnaire, sent to a variety of organizations which have powers of compulsory purchase, and which are able to acquire by agreement. Out of a total of 77 questionnaires sent out, 53 were returned. A total of 49 proved to be of use, representing a 64 per cent response rate (see Figure 1), with the majority of responses from public sector organizations. The following is an analysis of the results of the questionnaire survey:

From the respondents to the questionnaire who acquired by agreement, only 8 per cent did so because statute prevented the use of compulsory purchase.

Figure 2 outlines the ways in which the respondents acquired land. While no one method is used considerably more than any other, acquisitions by agreement are more popular than those by CPO, and even when acquiring under the shadow of compulsory purchase, the responses showed that in all but one case the authority attempted to acquire by agreement before confirmation of the order.

From the responses, it was evident that the method used to acquire land was determined

Figure 1 Response to questionnaire

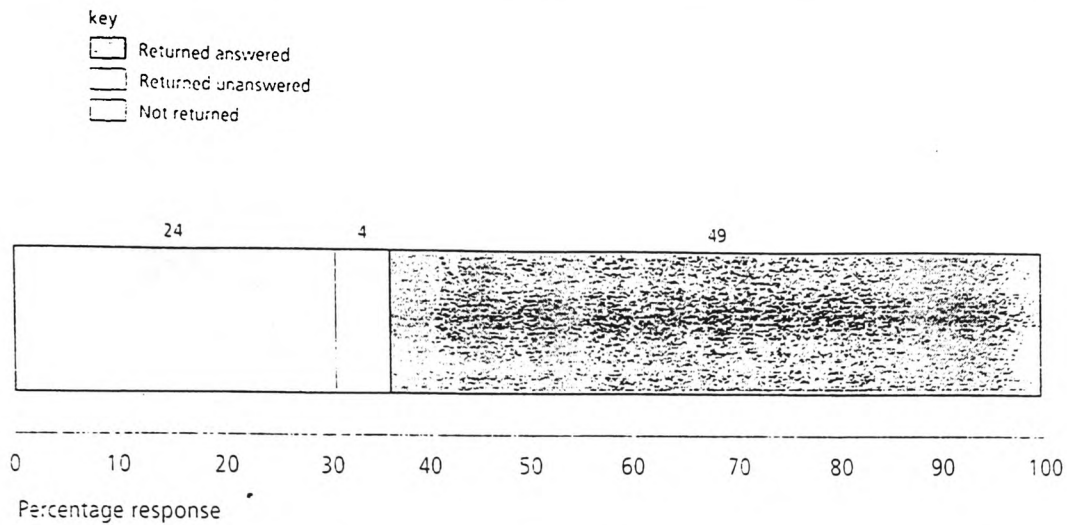
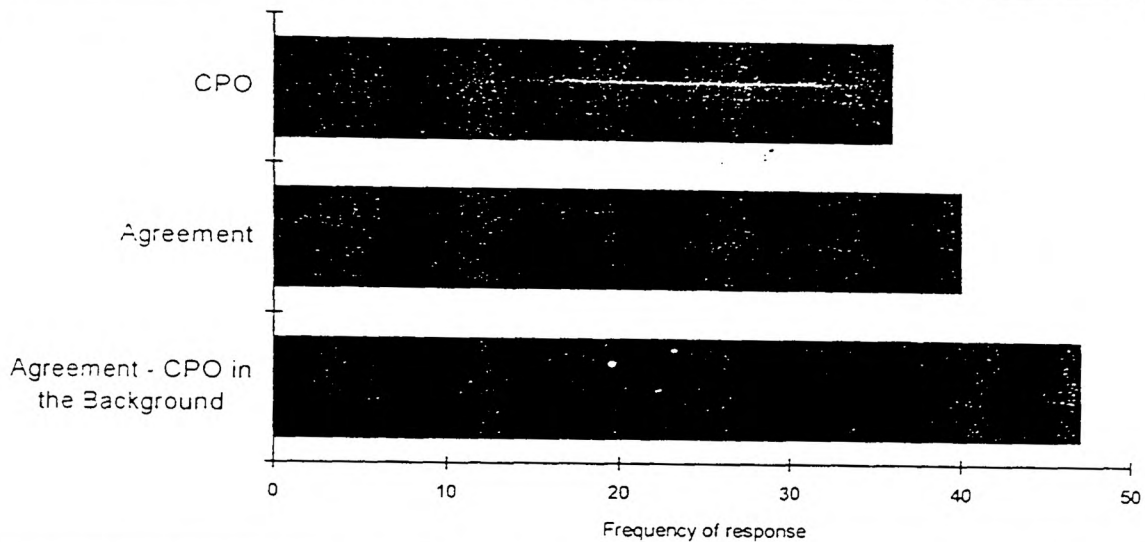


Figure 2 Methods of acquiring land and property



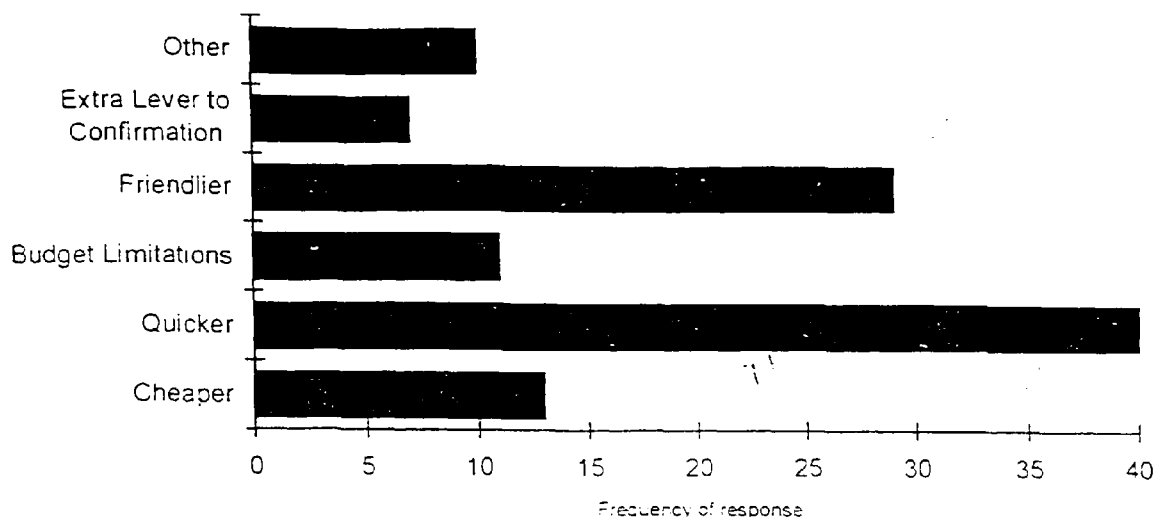
in part by the “need” to acquire. Where land was required for a highway or slum clearance scheme, then making a CPO was the method used, with attempts made to acquire by agreement before, and possibly after, confirmation. All the land identified is required (generally) for a highway; the road cannot be built if any land is missing. Furthermore, there are time schedules to observe (contractors need to be on site by a certain date), thus the use of a General Vesting Declaration Order procedure enables all the land to be vested in the authority by the scheduled date. Where the “need” is less urgent, for example where a scheme can proceed by acquiring pockets of land, or if the scheme involves a small number of properties, then acquisition by agreement is more likely to be used without resorting to the CPO process.

Figure 3 outlines the reasons for acquiring by agreement, either where no compulsory powers exist, or where acquisitions are made prior to the confirmation of an order.

There is almost never only one reason for acquiring in this way; instead there is a multiplicity of reasons, principally that it is quicker, friendlier, and less expensive (budget limits are an important consideration).

Acquiring in this way is only quicker where there is a willing vendor, so that early entry can be gained during the process of preparing a CPO, thereby reducing the potential number of objectors to the scheme at the enquiry stage. In the case of acquiring residential interests, such as in a slum clearance scheme, acquisition by agreement, while not perhaps appearing to be “friendly”, has the advantage to the residents of keeping bureaucracy and

Figure 3 Reasons for acquiring by agreement



legal jargon to a minimum, making the agreements easier and simpler, and thus speeding up the process.

If there are objectors, rather than speed up the process, acquiring by agreement may actually lengthen the procedure because an owner may delay agreement to get as much money from the acquiring authority as possible. Even where an authority has a confirmed CPO, it may still not wish to use it, preferring a "softly softly" approach rather than a "big brother" approach which may lead to hard feelings and a bad press. The extreme effects of this were seen in the BBC television documentary "Whose house is it anyway?" (BBC, 1986).

The majority of respondents felt that the public perceived acquisitions by agreement as being friendlier, largely because they appear to lack compulsion. The sale is perceived as a voluntary one, with the use of a CPO as a last resort seeming to be the "measure of difference". Against that, those who felt acquisitions were not friendlier, did so because those who were being acquired were aware of the compulsory powers available, which could be used at any time, and therefore perceived no material difference between the two procedures.

Where a CPO is "in the background", it becomes a legal reality. Once the CPO is confirmed, it will be entered in the Local Land Charges Registry for public inspection. No matter how "friendly" the negotiations may be, the CPO is there and can be used at any time. It must therefore have an effect on the parties concerned. Nonetheless, if a tact-

ful approach is taken, the research shows that the likelihood of objection will be minimized.

Despite the desire to alleviate any disputes, 55 per cent of respondents who acquired by agreement had cases referred to the Lands Tribunal to reach a decision on some issue at some time. The majority of these disputes involved the settling of compensation claims.

The cost advantage of acquiring in this manner is by no means clear, and only just over 25 per cent of respondents felt that acquiring by agreement led to cost savings. The majority felt that if the CPO did proceed, there was little cost difference if the land was acquired by agreement or not, as nearly all the respondents actually paid compensation as though the acquisition was compulsory. Any cost savings to the acquiring authority are only likely to be made by reducing the number of objectors and, consequently, the length of the public enquiry procedure. It may also be the case that acquiring by agreement can lead to savings in "hidden" costs. For example, under a CPO where there are delays due to protracted negotiations and legal wrangling, the resultant cost will be higher than acquiring by agreement.

In the case of public bodies which are faced with increasing financial pressures, the opportunity to acquire by agreement allows for greater flexibility. Acquisitions can be spread over more than one financial year, and quick acquisitions can be made at the end of the financial year if surplus funds become available. Using the CPO process fixes budgets and reduces flexibility.

Over 80 per cent of the respondents acquired by agreement without the use of



compulsory powers, of which 28 per cent did so to avoid the process of making a CPO. To proceed with a CPO involves time and expense, particularly where there are likely to be a number of objectors, and a potentially lengthy public inquiry. Even when it is assumed that there will be few objectors, the process up to confirmation can take a minimum of a year. Therefore an authority will try as far as possible to acquire by agreement so as not to incur the time and expense in preparing a CPO, which may not ultimately be required.

A number of respondents also felt that where the scheme lacked a "need" for all the properties, or where there was only a small number of properties required, then the cost and time involved in making a CPO could not be justified, although it is likely that use would have been made of a CPO should difficulties arise at a later stage.

The view of 15 per cent of the respondents who acquired by agreement was that all acquisitions should be made in this way, and that compulsory acquisition should be a last resort.

As was mentioned previously, in larger schemes acquisitions may be made before confirmation of the CPO. Acquiring authorities choose to acquire in this way because they believe that having acquired a number of interests in advance adds weight to their arguments at the inquiry stage. Because of the uncertainties of the outcome of the inquiry, if the CPO is refused they may still be able to proceed with the scheme (or a modified

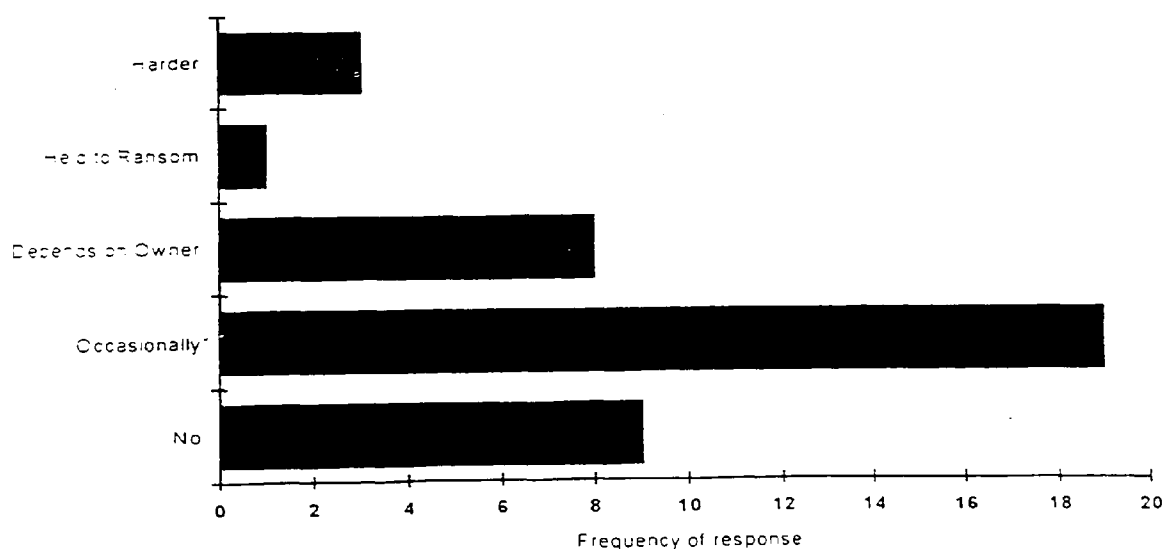
scheme) on the basis of the properties acquired by agreement.

Some respondents noted that it was preferable to acquire as much as possible by agreement while preparing a CPO which, once confirmed, proved to be a useful tool in persuading other owners to agree, or if agreement became problematical, then notices to treat could be served to enable possession to be gained promptly in order for development to take place.

One of the questions asked was whether or not it was felt that acquiring by agreement was harder than acquiring by CPO. The results of this can be seen in Figure 4. Nearly half of the respondents felt that acquiring in this way was occasionally harder, although a number did remark that they could resort to using their compulsory powers if necessary. Some felt that it was harder, although only one respondent remarked that it had been held to ransom. These results are not surprising given that a person is not likely to want to move, except at a price in excess of the compensation provisions. In France, compensation provisions are more favourable than those in the UK, with a premium of 20 per cent above market value payable, which appears to act as an effective deterrent to objection.

Where land was acquired by agreement, the majority of respondents paid compensation in accordance with the compensation code, as though the purchase was by CPO. However, because the acquisition is an agreement between vendor and purchaser, in a few cases the respondents said they included some terms not specified in the code in order to

Figure 4 Response to question "Is it harder to acquire by agreement than by CPO?"



assist in the move, with a similar number of respondents giving a more "generous" interpretation of the code.

Either way, however, public bodies, when acquiring in such a manner, must ensure that the costs of the scheme comply with the requirements of the Local Government, or similar Acts, as to the reasonableness of the costs, in order to be able to satisfy the auditors. Therefore payment should realistically be in accordance with the compensation code, or lower if at all possible.

#### **Advantages to the acquiring authority**

As a general rule acquiring by agreement is more expedient. Although the parties have to enter into a written agreement, they are not bound by the majority of the provisions of the Compulsory Purchase and Land Compensation Acts and this should therefore remove much of the "red tape", and thus ensure that the acquisition is a relatively simple affair.

Purchases by agreement are also viewed as being friendlier (more so when there is not a confirmed CPO in the background), and the sale is therefore perceived by the vendors as being a voluntary sale, and not a forced one. Both parties may, at any time, withdraw from the negotiations while they are "subject to contract". This creates a better public image for the acquiring authority which may be used to its advantage in future acquisitions where the potential for animosity may be greater. Acquiring by agreement also allows for a more flexible approach to be adopted, because generally, there is no immediate pressure to vacate. Time can be taken to find suitable alternative accommodation, making the proceedings more relaxed. A number of respondents to the questionnaire occasionally acquired the freehold, and then granted a short lease of, say, 12 months (usually subject to s. 38(4) of the Landlord & Tenant Act 1954) to allow the vendor to remain in occupation while alternative premises were found, work to adapt new premises was carried out, and to allow for a more agreeable relocation. Acquiring in this way also allows for more flexible payments to be made. If it were justifiable, subject to the reasonableness of the various Acts and auditors, an authority could pay for costs not included in the compensation code, or make a more generous interpretation of the code if it expedited the acquisition, e.g. provide more modern equipment.

In a normal sale by agreement the land or property purchased might be subject to certain restrictive covenants on or over the land, which might affect the proposed future use. In a compulsory acquisition, these rights are extinguished, and similarly in certain acquisitions by agreement the same principle applies, for example, any acquisition by agreement made by the Land Authority for Wales will extinguish these rights (by virtue of s.10 of the Compulsory Purchase Act 1965) leaving the property free of any restrictions.

One final advantage to the acquiring authority is that, provided statute does not prevent the use of compulsory powers, the authority will have the advantage of using such powers both as a negotiating tool, and as a "backstop", should negotiations with the vendor fail or become protracted. For parish councils whose powers to acquire land under s. 124 (1) of the Local Government Act 1972 permit acquisitions to be made by agreement only, the "backstop" is s. 125 of the same Act (as amended by the Housing and Planning Act 1986), which allows district councils to acquire land compulsorily on their behalf if acquiring by agreement fails, provided that the original purchase is not one for which compulsory powers are not available.

#### **Advantages to the vendor**

From a vendor's point of view, selling a property, whether by compulsion or agreement brings no real advantages if the vendor does not wish to sell from the outset.

However, negotiations without a notice to treat having been served, allow a more flexible approach, as mentioned previously. As a result the vendor has, depending on the circumstances, more freedom to negotiate and time to relocate and to agree with the acquiring authority over the proceedings.

From the viewpoint of the private individual whose home is acquired, and perhaps to a lesser extent businesses, acquisitions by agreement tend to be less bureaucratic than compulsory acquisitions. This therefore makes for a more amiable and less stressful sale. Nevertheless the agreement must be in the form of a written contract, just as any other private sale has to be, with all provisions expressly stated.

As mentioned previously, a vendor may also be able to benefit from s. 46 of the Land Compensation Act 1973 which provides for compensation to be payable for the total extinguishment of the business, provided that

certain conditions are met. While this applies to an acquisition in consequence of a CPO, a vendor may, if the property is being acquired by agreement, claim for such losses if the parties can agree to do so.

#### **Disadvantages to the acquiring authority**

Very few problems exist for the acquiring authority where acquisitions are made by agreement. In the case of an unwilling seller, negotiations may become more protracted and add to the costs of acquiring, although powers of compulsory purchase will generally exist and could be used to overcome such problems. The main disadvantage is where the acquisition is made for a purpose where powers of compulsory purchase do not exist, in which case negotiations could proceed for some length of time, for example in the case of a resistant vendor holding out for a totally unrealistic price. In such circumstances the authority may have to abandon any plans to acquire the land, or reluctantly be forced to pay an exceptionally high price, provided it can be justified to the auditors.

Real problems occur where an authority agrees to withdraw a draft compulsory purchase order in exchange for the landowner's agreement to sell, in which case two situations may arise, of which the acquiring authority should be warned. First, any ambiguities within the contract will be held in the favour of the vendor because the vendor will have given up any right to object to the CPO (although the majority of acquiring authorities are unlikely to abandon powers of compulsory purchase until all of the necessary interests have been obtained).

The second problem that may arise regards the terms of the agreement. If the terms of the contract provide for a price to be payable on a more favourable basis to the vendor than if the acquisition were made compulsorily then the authority will be bound by that more favourable basis (see *Alfred Golightly & Sons Ltd v. Durham County Council* (1981)).

#### **Disadvantages to the vendor**

In *Ayr Harbour Trustees v. Oswald* [1883], the trustees tried to reduce the compensation payable by restricting the use of the land which they purchased. The court held, "...that the trustees had power under their special Act, now or at any future time, to make erections on the piece of ground taken...it was not competent to the trustees to

dispense with future exercise of their powers...". Consequently it is not possible for the vendor (or even acquiring authority) to restrict the use of the acquiring authorities' statutory powers.

In agreeing to sell land, a vendor must also ensure that the contract contains sufficient terms to cover all the items to be included in the purchase price. The rules for disturbance compensation only relate to compulsory acquisitions and therefore, unless the contract expressly states, the vendor will only be able to claim for the open market value of the land taken. Under s. 17 of the Land Compensation Act 1961, an owner of land (or the acquiring authority) may apply to the local planning authority for a certificate stating the development which would have been permitted either now, or at some future point, had the land not been acquired by the authority. An owner of the land, however, can only apply for such a certificate if s. 22 (2) of the same Act is satisfied, i.e. that the authority has made an offer in writing to negotiate for the land, or notified the owner of the submission of a CPO. It is therefore unclear as to whether a vendor is able to benefit from this when an acquisition is made by agreement.

Other points of which the vendor should also be aware when land is being acquired by agreement is that first, should there be a failure to reach an agreement, then professional fees incurred in the negotiating procedure will still have to be paid (by the vendor), though clearly this depends on the nature of the agreement with the agent. Any variation in this requirement, e.g. making the acquiring authority liable for all professional fees, will need to be stated unequivocally in the contract. The second point is that the vendor must also consider his tax position. In entering an agreement, it is important that the vendor retains the right to roll-over relief for capital gains tax purposes should the land and buildings be replaced.

#### **Preferred method of acquisition**

The aim of this paper has been to examine acquisitions by agreement (either with or without a confirmed CPO in the background), and to find out, first, why an authority will choose to acquire in this way and, second, to assess whether it is appropriate for all acquisitions to be made in this way.

One of the most notable points arising from the questionnaires was that there were very few cases where acquisitions were made by agreement, because the use of compulsion was prevented by statute. In the majority of cases, acquisitions were carried out under Acts which also permit the use of compulsory purchase, though it was not always the case that steps were taken to make a CPO.

From reading published texts it can be seen that agreement, rather than compulsion, is used, because "...of the hard feelings that exercise of compulsion may be expected to cause..." (Davies, 1984), and from the research there is no doubt that this is one of the principal reasons for acquiring by agreement, though not the most common. The main reason put forward to the research was that acquiring by agreement is quicker, in part because acquisitions by agreement lack the bureaucracy and legal jargon which occurs in compulsory acquisitions, even though the acquisition is treated as though it is compulsory, with compensation in most cases paid in accordance with the statutory compensation code.

Besides the swiftness, and apparent friendliness, of such acquisitions there is also an array of other reasons why acquiring by agreement is chosen. Acquisitions by agreement are seen as being cheaper, although more from the viewpoint of savings in legal expenses, which can be high following protracted negotiations. The limitations imposed by budgets is also an important consideration, both for local authorities and other public sector bodies alike. Where the decision to make a CPO is taken, an authority will often attempt to acquire by agreement beforehand and this can act as an extra lever to confirm the order.

While an authority will choose to acquire by agreement for the reasons outlined above, an important consideration for any authority is whether there is a "need" for compulsory powers. The research showed that where only a small number of properties were required, then the expense and delay of obtaining a CPO were simply not considered justifiable. Should a problem occur at any point, then a CPO could be made later.

From the research, 97 per cent of respondents to the question, "Do you feel it is better to acquire land by compulsion, as opposed to by agreement?", felt that acquiring by agreement was preferable, with the use of compul-

sory purchase being a last resort. At the same time it was recognized that compulsory purchase was a "necessary evil", and an essential tool where there are unknown owners, unclear titles, or numerous interests to acquire, all areas where acquisitions by agreement become problematical. For schemes such as highways, or other large infrastructure projects, compulsory purchase is considered the only option where timing and entry dates are critical, though acquiring by agreement can act as an aid while compulsory powers are sought.

While acquisitions by agreement are seen as being quicker and friendlier, nearly half of the respondents felt that, on occasions, acquiring by agreement was more difficult, although use of compulsory powers could be made should negotiations fail. Only in one case had an authority been held to ransom, with 20 per cent feeling that negotiations depended on the owner, with some more resistant than others.

While acquisitions by agreement are not bound by legislation on compensation provisions, the responses from the questionnaires showed that in the majority of cases the purchase price was fixed as though the acquisition was compulsory. However, because the acquisition is by agreement, some responses indicated that an acquiring authority is willing to show a more flexible stance, paying in some cases at the "top end" of the compensation provision, with others willing to pay for items of loss not included in the code.

From the viewpoint of the acquiring authority, acquiring by agreement brings no real disadvantages except in the case of agreeing to withdraw a compulsory purchase order. In normal circumstances, it is unlikely to do this. Likewise, there are few disadvantages to the vendor, provided proper advice is received from a competent professional.

Regardless of whether the acquisition is by a CPO, or by agreement, there is always the "NIMBY" (not in my back yard) factor which makes landowners (including businesses), resistant to any acquisition for public purposes, even though the acquisition is likely to be in the interest of the general public. However, the respondents did feel that acquiring by agreement was a "friendlier" approach because the acquisition appeared to lack "force", with the use of compulsory powers as a last resort being the "measure of difference" in many cases.

## Conclusion

The research has demonstrated that provided a body is not making an unlawful acquisition, then it is certainly more appropriate to acquire by agreement, given that the vendor is likely to receive compensation on the same basis as under a compulsory acquisition, with the acquisition being less bureaucratic, faster, and allowing for flexible negotiations, in which the vendor has the added advantage of being able to withdraw from the negotiations while they are “subject to contract”. At the same time, a balance needs to be maintained, because in certain circumstances, such as highways or slum clearance schemes, a CPO will be necessary in order to acquire all the interests within a given timescale. However, provided attempts to acquire by agreement are made prior to the confirmation of the CPO, there is no reason to suggest that a body has acted in an unreasonable manner.

It was interesting to note that during the research, the draft policy paper by the Country Landowners Association (1995) on “Compulsory acquisition and compensation: a new approach” advocated that all future acquisitions should be made by agreement, and that only once negotiations fail should the route of a CPO be used, though in a different form to the current practice. From the conclusions reached in this paper, there is no reason to suggest that there is anything wrong

in this proposal. From the research, it appears that this is the policy currently adopted by many organizations anyway, and provided that there is regulation of the acquisitions to ensure that they are reasonable, and not *ultra vires*, then the acquisition of land by agreement should be adopted wherever possible.

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## Internet update

### Internet editorial 2

**Keywords** Information systems, Research, Surveyors

The WWW is a valuable resource in the provision of information, be it for business or leisure purposes. A practitioner was only recently telling me how he thought the WWW was starting to help provide information for the practising valuer. However, the problem he cited was the fact there is too much information out there, it is knowing where to look. Being a global network, finding a piece of information can often be like finding a needle in a haystack, unless you know where to start.

For the property professional a number of sites provide information for day-to-day practice. In a world where information is regarded as a valuable resource, some sites are only accessible on paying a subscription. Nevertheless, there are others that are freely accessible. Professional organisations are one such source, which are the subjects of this editorial.

Information is not just confined to viewing at individual sites, but may also be downloaded, and viewed using an appropriate viewer. The most common are PDF (Portable Document Format) files, which can be viewed using Adobe Acrobat Reader, available from the adobe Web site (<http://www.adobe.com>). The RICS Web site has a number of documents in this format.

#### The RICS

The RICS (<http://www.rics.org.uk>) provides the most comprehensive information of the professional surveying bodies in the UK, and is of interest to both members and non-members of the RICS. One of the good points about the site is the continual change in format, and information available on the site. Sites can often become languid to regular visitors when information remains the same. This is not the case with the RICS Web site.

At the "Public" level, the RICS site provides information about the surveying profession, and what professional services are available. Documents are available to read or even download in a more presentable form. Additionally, a database is available on-line to search for surveyors in a particular area, and

on the basis of their division or area of specialisation.

With continual revisions, keeping track of changes is easy on this site. Click on "What's new" and a list of the most recent additions will be listed with links to those pages. If you are after specific information, a search facility is available which provides links to articles by keying in a keyword. This is a useful device, though may produce many links to pages, due to the diversity of information now available on the site. That said, results are listed by file size and score. I have found looking at documents with a high file size often yields the best results.

Details of publications are available; these include information related to specific areas of practice (under the A-Z of professional guidance). Other publications include research papers and articles in *Chartered Surveyor Monthly* (CSM). Conference proceedings of the Cutting Edge, COBRA and ROOTS conferences are also available to view or download via the "Research" pages. In the future the RICS plans to publish all its conference proceedings on the Web. Through the "Media" section press releases and Parliamentary responses are also available to view, for those wishing to keep up-to-date with the latest views on issues affecting the property profession.

From mid-October, members (only) of the RICS will be able to access the on-line library, providing details of articles and publications held in the library. This will be a welcome addition to the site, especially for those who are unable to gain easy access to the library. An ordering facility will also be available to gain copies of articles of interest. Further details on this service are available on the site.

The RICS has also published a free booklet entitled *Surveying the Superhighway: A Guide to the Internet for Chartered Surveyors*, which provides a useful background to the Internet, how to get connected, and some useful Web addresses. Copies available from the information centre.

#### The ISVA and IRRV

The ISVA Web site (<http://www.isva.co.uk>), compared to the RICS site, is more of an information and marketing site, providing details on the services offered by the ISVA, and how people can join.

The site provides a background to careers in the property profession, and details on

joining the ISVA. As with the RICS Web site, a database of professional surveyors is available to search. The "What's new" section allows access to recent additions to the site. From this page, details of the latest changes to policy can be found, as well as extracts from some articles in *The Valuer*. However, with so much overlap in the services offered by the RICS, this site has comparatively little to offer.

The IRRV site (<http://www.irrv.org.uk>) is the latest site to go on-line. As with the previous sites, details on the role of the organisation is provided, together with information on joining. With the orientation of the IRRV geared towards rating, there is greater scope in the provision of information, which follows the lines of the RICS Web site in providing details of press releases and Parliamentary submissions on issues related to rating. In addition, a list of publications is available to view with a brief abstract on each.

#### **Other professional bodies/organisations**

During the course of my research I have found more information on property-related issues in literature from the USA. With some similarities to the methods adopted, this information may be of use to professionals in the UK. Perhaps the best site to gain access to practice in the USA is that of the Appraisal Institute (<http://www.appraisalinstitute.org>), which is the recognised organisation for appraisal in the USA.

By clicking on "Publications", a list is provided on the vast array of publications related to real estate, including textbooks, guides, and reports. Abstracts on each article are also available. A number of links are also provided to other related sites, including

among others real estate organisations and governmental links.

Back in the UK, some of the readership might find the Law Society's Web site of interest (<http://www.lawsociety.org.uk>). With legal aspects impacting on the profession it is worth mentioning this site, which provides a useful overview of the latest developments in law and policy in England and Wales.

A useful provision on the site is access to articles in the *Law Society Gazette*, which among other features provides an overview of the latest legal cases. A search facility is available for the site, and provides links to 15 articles on "Landlord and tenant" for the past two years.

Click on "What's new" and you have the ability to view information on the site in date order, or even by subject heading. For example, there is a heading for Commercial Property, under which the Law Society's response to the DoE consultation paper on the Landlord and Tenant Act 1954 Part II can be viewed.

One final site, which may be of interest to those involved in property research, is that of the Society of Property Researchers (SPR), (<http://www.propertymail.com/spr>). Again, a recently launched site, this provides those interested in research, with a background to the SPR. The site is divided into public and private pages. The public pages provide a background to, and the activities of the SPR. The private pages (only accessible to members), provides a wider range of information, with plans to include SPR reports and publications in due course.

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### Keywords Internet, WWW

This is the first, of what is to be a regular feature in *Property Management*, which aims to provide greater awareness of the Internet and its potential. The primary focus will be to review selected sites of relevance to the readership on the World Wide Web (WWW). As the WWW is global it is simply not possible to know of, or keep abreast of the development of all of the sites. I would therefore be grateful to hear from anyone (either by e-mail or snail mail) who knows of any sites which they feel would be of benefit to the rest of the journal's readership.

This editorial is aimed at providing a brief and basic background to the Internet and WWW, and some of the jargon used. In future editorials I shall review a number of useful Web sites.

### The Internet and the WWW

The Internet in its simplest form can be described as a number of computer networks all connected together. There are in fact millions of computers connected together worldwide, and in theory this means once you have access to one, you can access them all. It originated in the 1960s when it was developed in the USA as a means of circumventing damaged communication lines in the event of World War III. Since then it has grown, initially through use by academia, but more recently on a commercial level as businesses realise the benefits that the Internet can bring.

Today, you can even access the Internet from kiosks on the streets of Amsterdam. The Internet supports a number of services: these include, for example, electronic mail, the WWW, newsgroups and File Transfer Protocol (FTP) which allows the transfer of files.

The WWW is often confused with the Internet, whereas in fact it is only part of it. The WWW was developed in 1989 as a means of sharing information on a global level. It is accessed through the Internet and allows users to view information in the form of text, images, sound and video clips. Sites are connected in such a way that by pointing and clicking at an object or text, movement between sites is achieved.

### Navigating through the WWW

To navigate through the WWW, you need a browser. There are essentially two choices, either Microsoft Internet Explorer or Netscape Navigator. The browser allows you to view the information on sites. As with most computer programs, it is relatively easy to navigate through the WWW after a brief acclimatisation period.

There are four main areas to the browser, i.e. the viewing area (where the site details can be viewed); the address box (Web addresses will be discussed later) in which the address of the site you wish to visit is typed; the toolbar; and the pull-down menus (see Figure 1). From the toolbar you can move back and forward between the pages you have visited. If you visit a site you really like and wish to go back again, both browsers enable you to record the site address as a "favourite" or "bookmark", which can be used for easy access at a later date.

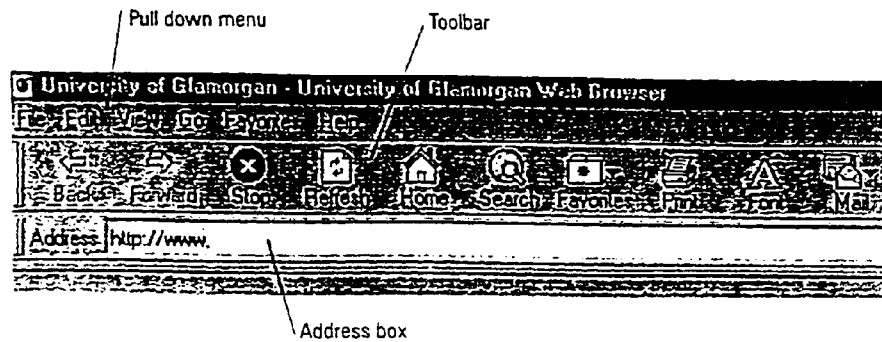
The best time to access sites on the Web is usually when there are few users. In the UK this tends to be first thing in the morning, this way moving between sites and loading-up details of pages is much faster, especially where graphics are used. Once America comes on-line, the Web generally starts to slow down as traffic on the Internet increases.

### Web addresses

Nowadays we are all familiar with seeing adverts with an address such as <http://www.abcde.co.uk>. This is known as a Uniform Resource Locator or URL for short and is unique for each site and page. Take for



Figure 1 Section of a typical Web browser (excluding the viewing area)



example the address of the home page for the School of the Built Environment at the University of Glamorgan:

[http://www.glam.ac.uk/schools/sbe/sbe\\_home.htm](http://www.glam.ac.uk/schools/sbe/sbe_home.htm)

The "http://" part indicates that a WWW connection is being made, the "www.glam.ac.uk/" is the location of the Web server on which the pages are stored. The "schools/sbe/sbe\_home.htm" is the directory path and file name of the Web page.

If you know the address of a site, simply type the address in the address box of the browser, press return, and with luck the page will load up. Errors can occur for a number of reasons. Ensure the address has been typed out correctly (URLs can be case sensitive) using the right punctuation. However, it could be that the server where the pages are stored is out of action, or the address of the site has changed.

### Locating sites

A number of search engines are available allowing you to type in the name of the site you wish to visit, from which a list of different sites will usually appear, and you can simply click on the one you wish to access. Of course, with so many sites on the Web you will find many are of no relevance to you. It could be the one you wish to choose is not even there.

To search you can choose the "search" button from the toolbar. In Microsoft Internet Explorer this will take you to the Microsoft Web site from where you can choose to search using one of five search engines (Yahoo!, Infoseek, Lycos, Excite and AOL net find). I quite often use Yahoo! which allows you to search for sites in the UK and Ireland, or the whole of the Web (<http://www.yahoo.co.uk>). As an alternative you may consider all4one

(<http://all4one.com>) which allows you to search using four search engines (Alta Vista, Lycos, Excite and HotBot) simultaneously.

Sometimes the searching can be time consuming and wasteful. I once tried to find the Principality Building Society's Web page and used several search engines, which came up with nothing of relevance. I then tried another trick that has come in useful since. Knowing the extension is likely to be ".co.uk" I typed in the address box "http://www.principality.co.uk" and within seconds I had accessed the pages of the Building Society. As companies and organisations have their name within the address, this can often be a quite useful way of searching in the first instance. Other sites may end in ".org.uk", ".ac.uk" and ".com". In future issues I will review sites and the use of these terms will become more obvious.

### The WWW for property professionals

The WWW has much to offer property professionals, both as a means to access information, but also as a way of advertising, and it is, for example, already being used to advertise and sell property. Elsewhere it is used for banking, shopping and the promotion of academia.

As an information resource, the MCB Web site is a prime example of how information can be accessed on-line. From the home page (<http://www.mcb.co.uk>) you can gain access to details of all the journals (over 100) provided by MCB University Press, including abstracts of papers in previous issues. By clicking on "Portfolio" you can list these alphabetically or by subject category, with property-related journals (including *Property Management*), located within the property management portfolio. You can also register to keep updated with the electronic

information service. There is also the Property Management and Facilities Global Forum (<http://mcb.co.uk/pmgf/>) which provides information, advice and access to resources of interest to the subject area.

For those with an interest, and would like to know more about the Internet and the WWW, I can recommend the *1998 Rough Guide to the Internet and the WWW* by Angus Kennedy. At only £5, the book provides a useful overview on getting connected, how to find information, a history of the Internet, but also provides a directory with a number of Web addresses to find out further information on a variety of subjects, including real estate.

In future issues I will provide a review of various sites of interest to the readership, for

example, those of surveying bodies, and issues topical to property management. By way of example, as we head towards the millennium, one cannot ignore the issue of the "millennium bug". Those of you concerned about the issue may wish to visit the UK Government's Web site (<http://www.open.gov.uk/bug2000/>) which provides information on what to do, product compliance, and links to further information for small, medium and large organisations.

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