

Unit 53: Property Valuation in Construction

Unit code: R/600/0369

QCF Level: 3

Credit value: 10

Guided learning hours: 60

Unit aim

The aim of this unit is to enable learners to develop an understanding of the nature of the property market, the factors that affect property values, how to obtain a mortgage and determine mortgage repayments.

Learners will also develop the skills needed to value properties.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

Learning outcomes	Assessment criteria
1. Understand the economics of the property market and the factors that affect the value of property	1.1 Explain the economics of the property market
	1.2 Describe the common sources of finance for property investment
	1.3 Explain the factors that affect property values
2 Know the reasons for valuing property and the methods used to perform such valuations	2.1 Identify the reasons why individuals, businesses and the government need to know the value of property
	2.2 Describe the methods used to perform property valuations

	2.3 Describe the roles and responsibilities of professionals involved in property valuation
3. Be able to produce valuations	3.1 Create valuation reports
	3.2 Carry out comparative valuations of residential property.
4. Understand how to obtain a mortgage and determine the associated mortgage payments	4.1 Explain the procedures used to obtain a mortgage
	4.2 Perform simple and compound interest mortgage repayment calculations

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Unit content

1 Understand the economics of the property market and the factors that affect the value of property

Economics of the property market: property as an investment; types of investment; effect of changes in supply and demand on the value of property; elasticity in the market; effect of different tenures; retail 'shell and core'

Sources of finance: eg banks, building societies, private finance; pensions with property invested eg Self Invested Pension Plans (SIPPs)

Factors that affect value: government initiatives; role of Bank of England in controlling inflation and deflation; property value control; social issues concerning housing; value of planning permission and the concepts and applications of planning gain; laws and regulations influencing the value of property

2 Know the reasons for valuing property and the methods used to perform such valuations

Valuing property: general valuations, statutory valuations, professional valuers

General valuation methods: depreciated replacement cost (DRC) for financial business reporting and taxation purposes; market value; reinstatement cost for insurance purposes; outgoings; service charges; residual method of valuation; inducements eg rent-free periods

Statutory valuation methods: council tax; business rates; landlord and tenant valuations; residential tenancy valuations under Rent Acts

Professional valuers: roles and responsibilities in both private and public sectors; the roles of the Valuation Office Agency (VOA); training and professional qualifications; duties of care

3 Be able to produce valuations

Standards used to produce valuations: International Valuation Standards; Public Sector Accounting Standards; RICS Valuation Standards (Red Book)

Methods used to produce valuations: value for sale and/or rent (all types of residential dwellings and simple commercial properties); effects of various factors eg location, age and style on value of properties; Land Registry data; rateable values for business rates using VOA rating lists

Mathematics of valuation: valuation tables and associated formulae (amount of £1, present value of £1, amount of £1 per annum, sinking funds); years' purchase; yield; retail property value zones 'in terms of zone A' (ITZA); business use classifications

4 Understand how to obtain a mortgage and determine the associated mortgage payments

Obtaining a mortgage: sources eg bank, building society, housing associations; conditions; mortgage repayments; depreciation

Mortgage repayment calculations: interest rates (simple and compound); savings; loans; bank rates

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