

COURSE OUTLINE

Department & Faculty: Dept. of Built Environment Centre For Diploma Studies SPACE	Page : 1 of 5
Course Code : Valuation Methodology (DDPF 1423) Total Contact Hours : 56 hours	Semester : II Academic Session : 2012/2013

Lecturer	:	
Room No.	:	
Telephone No.	:	
E-mail	:	
Synopsis	:	This course consists of introduction to general understanding of the appraisal process and appraisal methodology for valuing the real estate for any purpose of valuation, with reference to “Manual of Valuation Standards” produced by the Board of Valuers, Appraisers and Estate Agents, Malaysia. Appraisal is the formulating of an opinion of market value of property. This opinion is derived by five main methods of valuation. Appraisal is a way to approach value that includes all the market and property considerations that are part of our framework for analysis. The five approaches to value; sales comparison method, investment method, cost method, profit or income approach and residual method. The first is the most useful when a number of comparable properties can be located. The investment method is useful when the property is rented and easy getting rental comparable. The cost method is useful when the property is new and relies on the principle of substitution. The income approach value the property is expected to generate profit. While the residual approach is useful for the property has potential value or potential highest and the best use in future. Through assignments and project work, students are led to develop skills to communicate effectively, to lead and cooperate as team members, be highly motivated, disciplined and ethical.

LEARNING OUTCOMES

By the end of the course, students should be able to:

No.	Course Learning Outcome	Programme Learning Outcome(s) Addressed	Taxonomy/ KI Levels	Assessment Methods
1.	Describe and explain concepts and principles of real estate methodology for five (4) methods of valuation.	PO1	C3	Test, Final and Assignment
2.	Produce the property information by inspecting the property, information searching from land office and others Produce the property price or from the suitable sources.	PO3	P3 CTPS1-CTPS2	Quizes, Test and Final Examination Project

Prepared by: Name: Signature: Date:	Certified by: (Course Panel Head) Name: Signature: Date:
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	Identify and discuss the suitable method of valuation according to the types of properties.			
3.	Practice ethics and values towards oneself, group members and group efforts	PO8	A3 EM1-EM2	Project.

STUDENT LEARNING TIME

Teaching and Learning Activities	Student Learning Time (hours)
A. Face-to-face Learning <ol style="list-style-type: none"> 1. Lecture 2. Tutorial 3. Student Centered Learning B. Self Directed Learning <ol style="list-style-type: none"> 1. Non face-to-face : project 2. Revision 3. Assessment Preparation C. Formal Assessment <ol style="list-style-type: none"> 1. Continuous Assessment : test 2. Final Exam 	30 14 12 41.5 10 7.5 2.5 2.5
Total	120

TEACHING METHODOLOGY

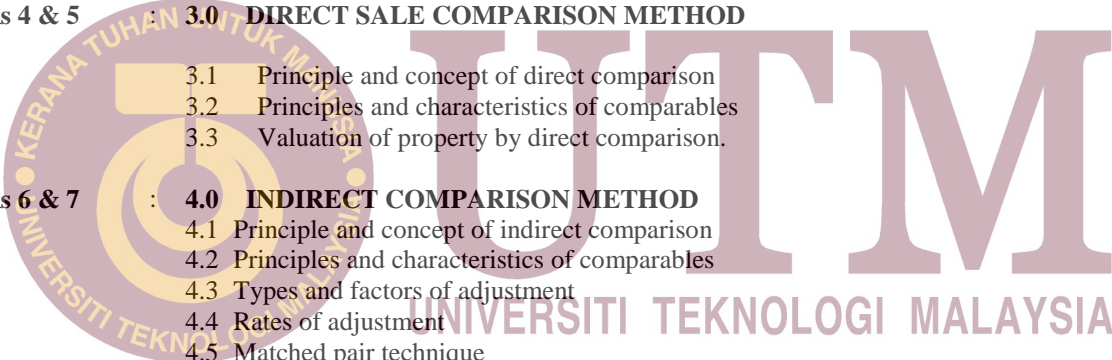
Lecture and tutorial, In-class exercises, Discussion, Co-operative Learning, Independent Study, Individual and group Assignment-Property valuation project, Presentation

WEEKLY SCHEDULE

Week 1 : 1.0 PROPERTY VALUATION PROCESS

- 1.1 Client's instruction
- 1.2 Collection of information
 - Title search
 - Property inspection
 - Planning search

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<div style="text-align: center;">  </div> <p style="margin-left: 40px;">Property market search</p> <p style="margin-left: 20px;">1.3 Data Analysis</p> <p style="margin-left: 20px;">1.4 Valuation and report writing Format of valuation report.</p> <p>Week 2 & 3 : 2.0 VALUATION METHOD</p> <p style="margin-left: 20px;">2.1 5 Common methods</p> <p style="margin-left: 20px;">2.2 Advance methods</p> <p style="margin-left: 20px;">2.3 Comparison method Principle & concept of comparison method Steps of the method Types of comparison method</p> <p>Weeks 4 & 5 : 3.0 DIRECT SALE COMPARISON METHOD</p> <p style="margin-left: 20px;">3.1 Principle and concept of direct comparison</p> <p style="margin-left: 20px;">3.2 Principles and characteristics of comparables</p> <p style="margin-left: 20px;">3.3 Valuation of property by direct comparison.</p> <p>Weeks 6 & 7 : 4.0 INDIRECT COMPARISON METHOD</p> <p style="margin-left: 20px;">4.1 Principle and concept of indirect comparison</p> <p style="margin-left: 20px;">4.2 Principles and characteristics of comparables</p> <p style="margin-left: 20px;">4.3 Types and factors of adjustment</p> <p style="margin-left: 20px;">4.4 Rates of adjustment</p> <p style="margin-left: 20px;">4.5 Matched pair technique</p> <p style="margin-left: 20px;">4.6 Analysis data comparables</p> <p style="margin-left: 20px;">4.7 Concept of unit of comparison</p> <p style="margin-left: 20px;">4.8 Method of adjusting the comparables.</p> <p style="margin-left: 20px;">4.9 Reconcile different value into a single value</p> <p style="margin-left: 20px;">4.10 Valuation of property by indirect comparison method.</p> <p>Weeks 8 & 9 : 5.0 INVESTMENT METHOD – CAPITAL VALUE</p> <p style="margin-left: 20px;">5.1 The principles and the concept of investment method</p> <p style="margin-left: 20px;">5.2 Formula of investment method</p> <p style="margin-left: 20px;">5.3 Outgoings factors</p> <p style="margin-left: 20px;">5.4 Capitalization factor or property yield rates</p> <p style="margin-left: 20px;">5.5 Analysis of rental value</p> <p style="margin-left: 20px;">5.6 Valuation of property – freehold property</p> <p style="margin-left: 20px;">5.7 Valuation of property – leasehold property</p> <p style="margin-left: 20px;">5.8 The concept of land interest/property interest</p> <p style="margin-left: 40px;">INVESTMENT METHOD – INTEREST VALUE</p> <p style="margin-left: 20px;">5.9 Valuation tables – Parry’s valuation table</p> <p style="margin-left: 20px;">5.10 Valuation of interest of property – deferred income</p> <p style="margin-left: 20px;">5.11 Valuation of interest land – varying incomes</p> <p>Weeks 10 : 6.0 PROFIT METHOD</p>	

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- 6.1 The principles and concepts of profit method
- 6.2 Formula of the method
- 6.3 Pro forma incomes, gross incomes, net incomes
- 6.4 Operating cost and outgoings
- 6.5 Divisible balance – tenant’s share and interest on capital
- 6.6 Relationship of investment method
- 6.7 Valuation of property by profit method

Week 11 & 12 : 8.0 RESIDUAL METHOD

- 8.1 The principles and concepts of the residual method
- 8.2 The type of properties
- 8.3 The concepts of HBU and the potential value
- 8.4 The formula of the method
- 8.5 Gross development value
- 8.6 Gross development cost
- 8.7 The multipliers factor
- 8.8 Valuation of property by residual method

Weeks 13 & 14 : 7.0 COST METHOD

- 7.1 The principles and concepts of cost method
- 7.2 The suitable properties
- 7.3 Definition of replacement and reinstatement cost
- 7.4 The steps of the cost method.
- 7.5 The formula of the cost method
- 7.6 Analysis land value
- 7.7 Value of building
- 7.8 Depreciation of value – types and the concepts

REFERENCES :

1. The Board of Valuers, Appraisers and Estate Agents, Malaysia, *Manual of Valuation Standards*.
2. Andrew Cherry, *A Valuer’s Guide to the RICS Red Book 2010*, RICS BOOKS
1. Tony Johnson, Keith Davies, Eric Shapiro (2009) *Modern Methods Of Valuation, 10th Edition*, RICS BOOKS
3. Douglas Scarret (2008), *Property Valuation: The Five Methods, 2nd Edition*, Routedledge,
4. Isaac, D and Steley, T (1999) *Property Valuation Techniques*, 2nd edition, Macmillan, London.

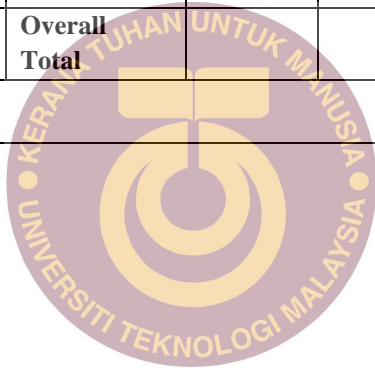
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5. Azahari Husin, (1996) *Kaedah Penilaian Harta Tanah*, Dewan Bahasa dan Pustaka,

GRADING

No.	Assessment	Number	Each Assessment %	Overall %	Dates
1	Project	1	20 CTPS1-CTPS2 EM1-EM2	20	Week 2 - 13
2	Test	2	10	20	Week 7 & 12
3	Final Exam	1	60	60	
	Overall Total			100	



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