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VALUATION FOR LENDING PURPOSE

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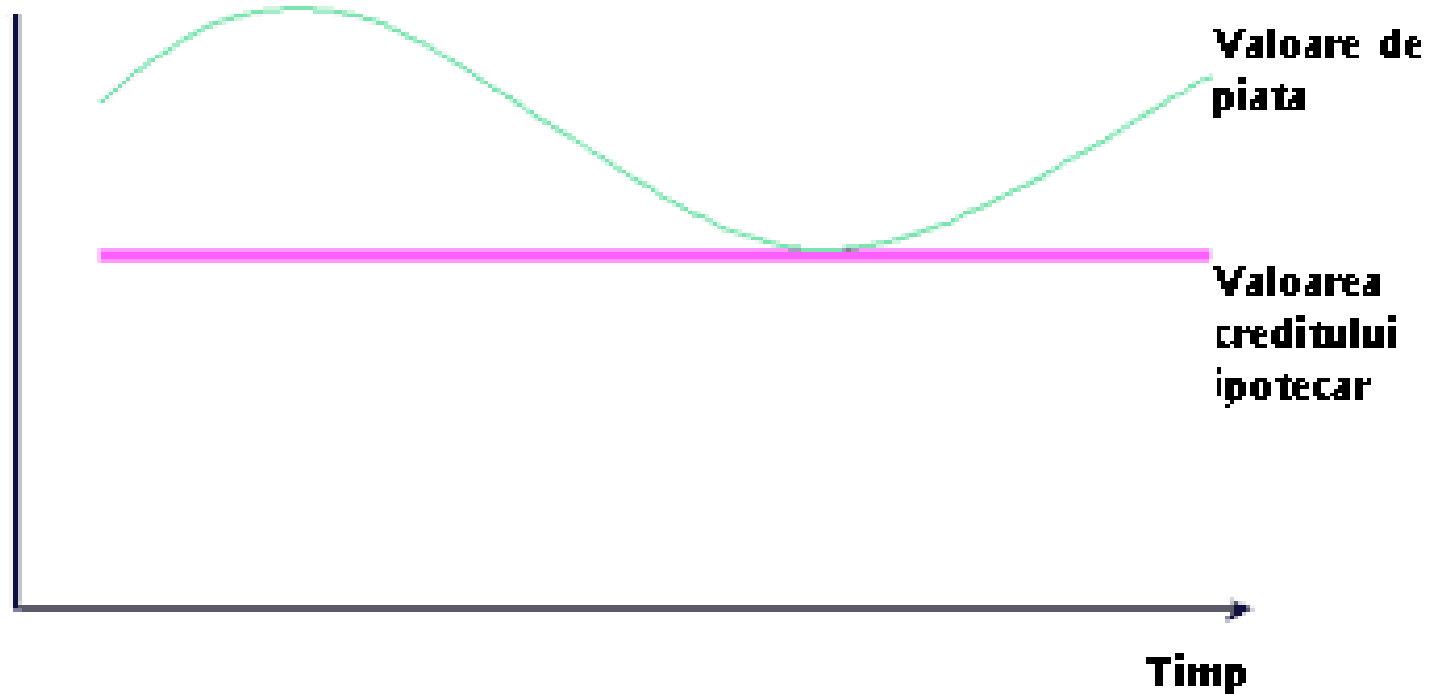
**RICS Romania – Annual Valuation Conference
Bucharest, 23 November 2011**

TOPICS

1. Introduction
2. Professional references
3. The valuer's position
4. The independent valuer's role

VALOAREA CREDITULUI IPOTECAR ȘI VALOAREA DE PIAȚĂ pe CICLUL PIEȚII IMIBILIARE

Valoare



2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- The basis of value ... will be normally market value valuation
- Some lenders request valuations on the assumptions of a forced sale or impose a time limit for the hypothetical disposal of the property;

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Investment property
 - Individual investment property vs portfolio investment property;
 - In certain cases an assessment of the value of the property based on alternative use, assuming vacant possession, may be appropriate

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Owner – Occupied Property
 - Assumption that the property is transferred unencumbered by the owner's occupancy
 - Any special advantage attributable to the owner's occupancy be excluded from the valuation

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Specialized Property
 - May have significant value only as part of the business of which is part
 - Unless otherwise instructed, such properties are valued on the special assumption that the business has ceased and therefore the underlying security will reflect the value for alternative use;
 - Consideration of the cost and risks that would be involve in achieving that use

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Trade Related Property
 - Based on income generating by potential due to the buildings or other structures only being suitable for a specific type of trade;

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Development Property
 - Properties held for development or sites intended for development of buildings are valued taking into account existing and potential development;
 - Any assumptions as to zoning issues and other material factors need to be reasonable and reflect those that would be made by market participants
 - IVS 233 – Investment Property under Construction

2. Professional references

IVS 310 – Valuation of Real Estate Interest for Secured Lending

- Wasting Assets
 - Examples includes mines or quarries
 - The estimated life and the rate of value erosion over the life should be identified and clearly state in the report;

3. The same language

- **Market value definition**
- **Three valuation approaches**
- **And professional standards**

4. The valuer's position



4. The valuer's position

- **The agreement with the client**
 - Minimum price for services
 - Client expectations/ needs

- **The bank analysis/ expectations**
 - **Bank strategy and needs**
 - BASEL requirements

4. The independent valuer's role

- *To offer a professional & independent opinion*
- *Professional standards/ Independent opinion*
 - *To be connected with professional requirements (ex. Ghid evaluare garantii bancare ANEVAR)*
 - *To meet the client's expectations*
 - *To meet the bank expectations*

Hoogste huizenprijen in bijna drie eeuwen

Prijzontwikkeling woning aan de Herengracht die nu 2,6 miljoen euro kost, teruggerekend tot 1650, gecorrigeerd voor inflatie

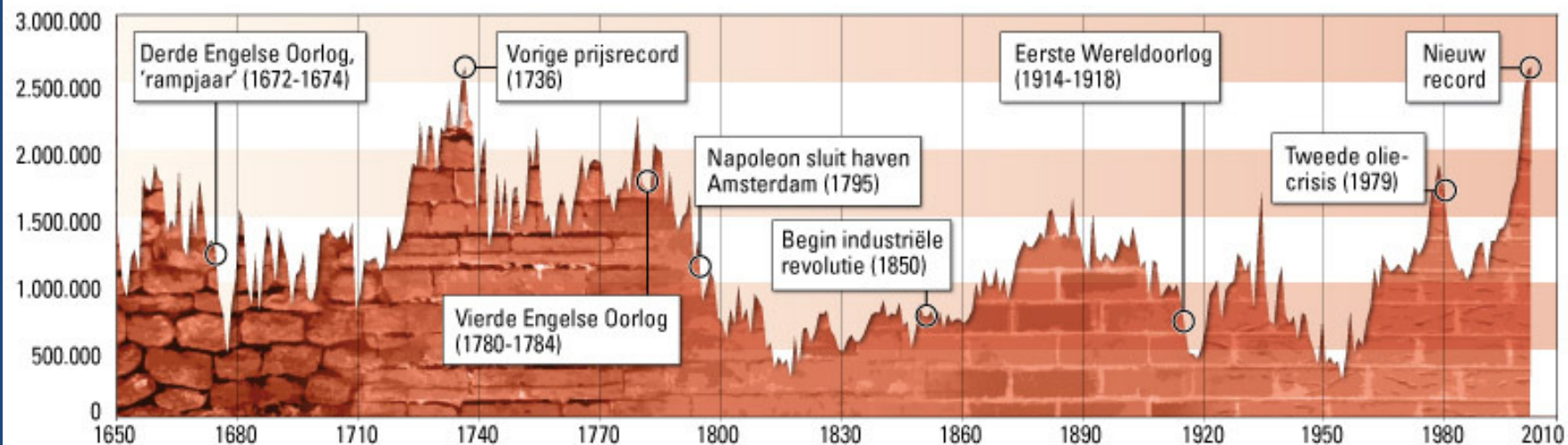
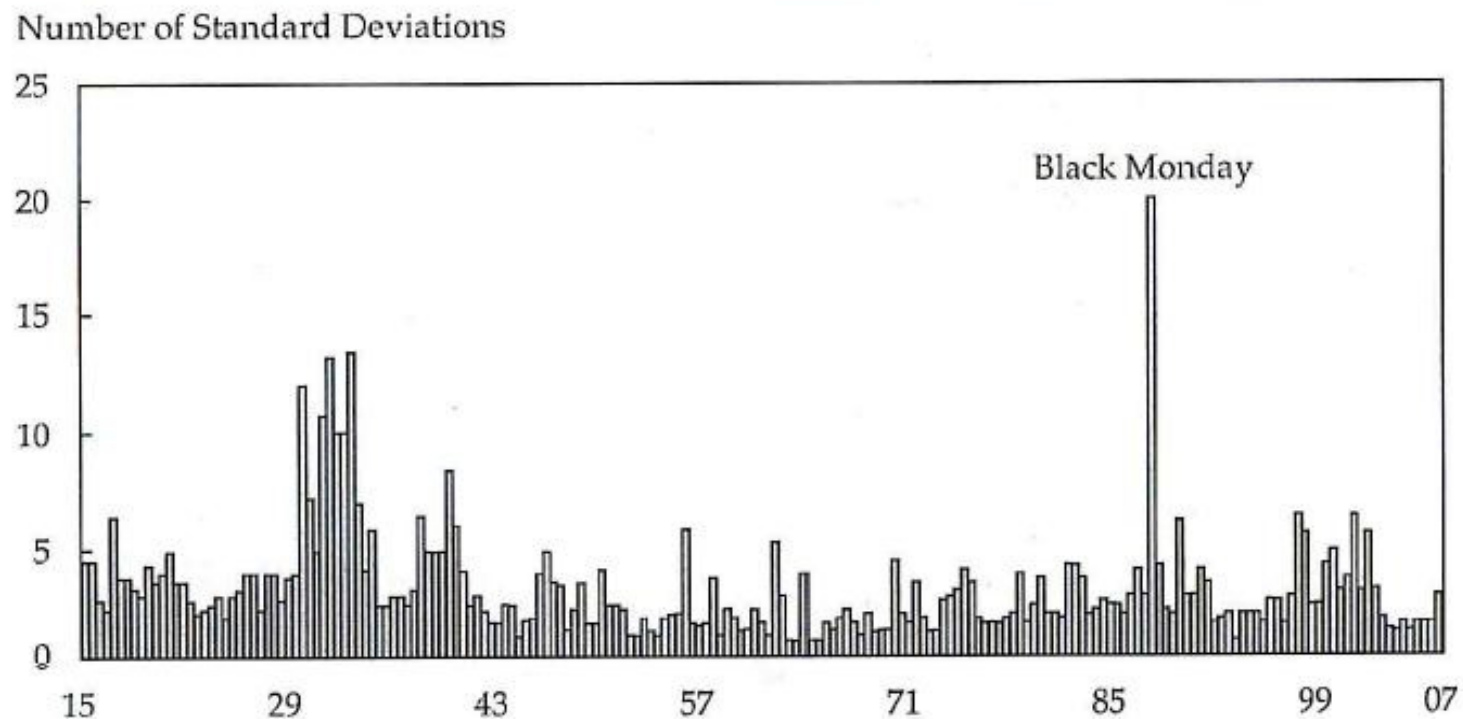


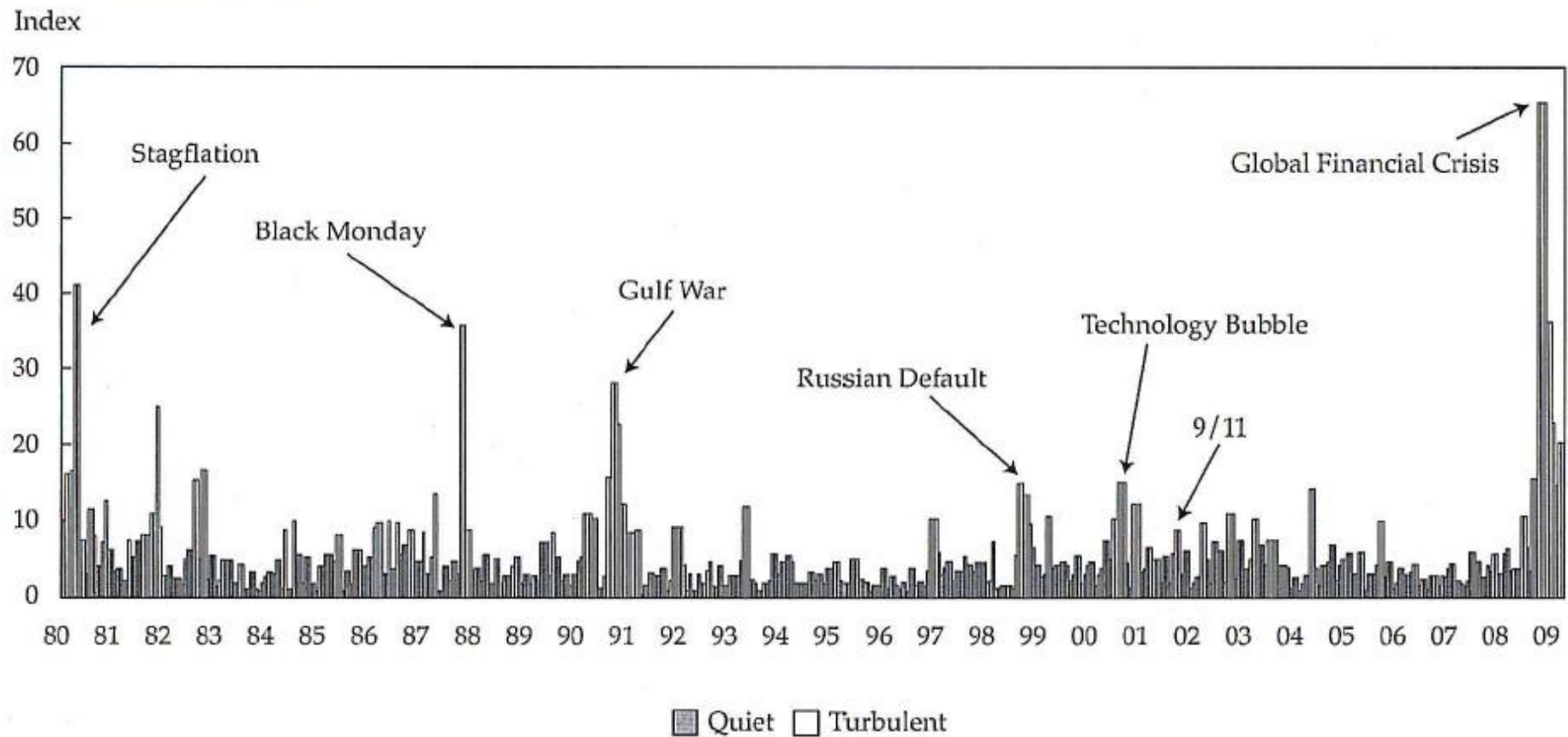
Figure 1. Daily Changes in the Dow, 1915–2007



Note: Dates are January of each year, except 2007 ends with the third quarter.

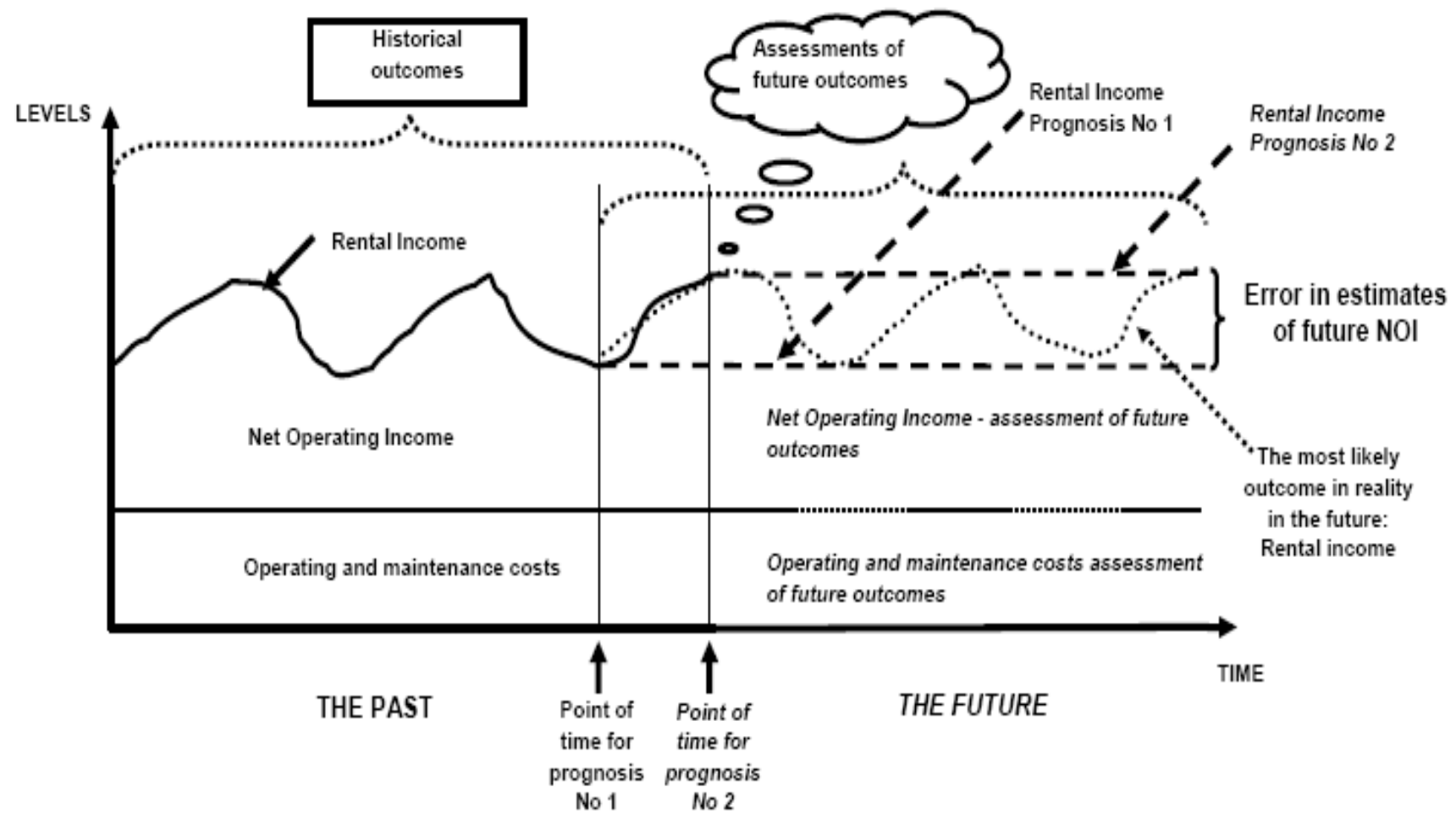
Source: Originally depicted in Mandelbrot and Hudson (2004).

Figure 4. Historical Turbulence Index Calculated from Monthly Returns of Six Global Indices, 1980–2009



Note: Measured as of January each year.

Figure 5.5 Cash flow over the business cycle



MULTUMESC PENTRU ATENTIE !

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