Description Its a coursework that values a commercial property you will choose. (choose one that corresponds to the criteria in"assessment\_Two") the instructions in through different methods of valuation. Commercial practice CW\_Final" is an example of a finished CW in the past you can use to help. "DRC\_-\_Lecture\_and\_Workshop\_FINAL" describes the DRC method of valuation which is one of the ways that can be used to value our subject property. "MB\_ComPrac1and2\_lecture\_valuation\_Key\_Concepts-2" has the Term and reversion method of valuation. This has graphs that should be used in the answer. "Commercial\_Practice\_-\_Ratings\_workshop" Explains rateable value. NOTE "ERV" stands for estimated rental value "ARY" stands for all risk yield.

a) Identify one office building in Liverpool, Leeds, Manchester, Nottingham, Leicester or Birmingham which has a floor area between 1,000sq m.- 5,000sq m. For the purpose of this coursework the actual lease(s) is (are) irrelevant and you are to assume that the whole property is let to a single company.

b) Describe the property including stating the floor area of the premises, and commenting on the location, description and specification of the building.

c) Identify comparable evidence from on line databases, agents, professional press and/or other sources and calculate an Estimated Rental Value for the building and a suitable All Risks Market Yield. Clearly show and explain how you have arrived at your Market rental value and ARY.

d) Identify the Rateable Value of the building and calculate the rates payable including SBRR in 2018/9 and estimate the rates payable (including reliefs) in 2019/20 and 2020/2021. Clearly discuss how the Rateable Value has been calculated and annotate the calculations to demonstrate whether the hereditament is subject to transition relief (phasing).

e) Hypothetical Scenario 1 – Assume that the property has just been let at your estimated rental value to a tenant with a reasonable covenant strength. Prepare a valuation report for the freehold interest in the property for the purposes of a purchase. This report should follow the provisions of RICS Global Standards Valuation and provide a reasoned valuation. It should include the relevant information in accordance with the professional standards.

f) Hypothetical Scenario 2 - Assume that your building was let to a tenant with a reasonable covenant strength 12 years ago on a 15 year FRI lease at a rent which is now 15% more than the ERV. i.e. you are assuming that the lease expires in 3 years and that the property is currently over-rented.

i. Calculate the Market Value of the freehold interest for loan security purposes.

ii. Assume that you act for the landlord and that the tenant has requested a new lease for 10 years at the market rent and with a rent free period. Prepare a Discounted Cash Flow to show the NPV of the current income and outgoings and the NPV of the proposed lease. The proposed lease should incorporate a rent free period which produces a higher NPV than the existing lease. Assume a discount rate of 9%.

Please clearly explain the steps you have taken in each case. You can make any assumptions which you deem are appropriate but you must clearly state all assumptions which you make.

**You must therefore produce:-**

**1 A description of the property discussing its characteristics**

**2 A rating calculation showing the Rates Payable/estimated for stated years**

**3 A reasoned valuation of the Estimated Rental Value and All Risks Yield**

**4 A reasoned purchase report valuation in accordance with the RICS Valuation Global standards.**

**5 A reasoned valuation on the freehold Market Value assuming the passing rent is 115% of the ERV (assume the ERV as in 3 above)**

**5 A reasoned Discounted Cash Flow calculating the NPV of the cash flow for BOTH the existing lease and the proposed lease**

**Assessment Criteria**

The extent to which students demonstrate:

|  |  |
| --- | --- |
| **Criteria** | **Weighting**  |
| 1. Completion of the valuations and the appraisal and understanding of the bases of valuation. With references to relevant Statute, Statutory Instrument, case law and points from the question as appropriate.
 | 25% |
| 2.Use, and demonstrate and understanding of the appropriate rents and yields with suitable sources and analysis employed. | 25% |
| 3 An Illustration of and understanding of traditional and DCF valuation techniques as relevant, suitably supported and set out. | 25% |
|  4 An ability to produce a clear and well-structured report, with good English and grammar, and with appropriate evidence to support arguments.  | 25% |

**Assessment General Threshold Criteria**

Generic Grade Descriptors at Level 5

 80-100 An outstanding piece of work: All assessment criteria have been met at an exceptionally high standard • Shows independent reflective thought in relation to task. • Demonstrates exceptional critical analysis of theories, practices and frameworks. • Analyses concepts and principles that inform the work. • Analyses wider context and implications for practice/subject. • Synthesises research across a range of sources. • Demonstrates exemplary communication excellent presentation of format used.

70-79 An excellent piece of work: All assessment criteria have been met at a high standard. • Demonstrates critical and reflective analysis of theories, practices and frameworks from the module. • Applies a range of competing concepts and principles. • Analyses wider context and implications for practice/subject. • Provides evidence of substantial research across a range of sources. • Communicates effectively with excellent presentation of format used.

 60-69 A good piece of work: All assessment criteria have been met at a good standard. • Analyses theories, practices and frameworks presented on the module. • Applies key concepts and principles reflectively. • Identifies important aspects of wider context and implications for practice/subject. • Undertakes own research and evaluation of sources to inform enquiry. • Communicates effectively using appropriate format and presentation.

50-59 A sound piece of work: All assessment criteria have clearly been met. • Uses appropriately theories, practices and frameworks presented on the module. • Demonstrates clear understanding and reflection on key concepts and principles. • Demonstrates limited understanding of wider context and implications for practice/subject. • Undertakes own research to inform task/enquiry. • Communicates work using appropriate format with some weaknesses of presentation.

40-49 An adequate piece of work: All assessment criteria have just been met. • Describes accurately a range of theories, practices and frameworks presented on the module. • Demonstrates adequate understanding of key concepts and principles. • Undertakes additional research from sources provided within the module. • Communicates work using appropriate format with some weaknesses of presentation.

30-39 FAIL: An inadequate piece of work: One or more relevant assessment criteria are not met • Describes theories, practices and frameworks presented on the module with some weaknesses/omissions. • Applies key concepts/principles with some weaknesses. • Uses a minimal amount of relevant information provided within the module. • Communicates using appropriate format with significant weaknesses in presentation.

0-29 FAIL: A poor piece of work: Most of the relevant assessment criteria area not been met. • Describes theories, practices and frameworks presented on the module with significant inaccuracies and/or misunderstandings. • Demonstrates omissions and very limited understanding of key concepts and principles. • Uses insufficient/inadequate information sources. • Communicates ineffectually with a very poor standard of presentation.

**Referencing requirements for assignments**

Statements, assertions and ideas made in coursework should be supported by citing relevant sources. Sources cited in the text should be listed at the end of the assignment in a reference list. Any material that you read but do not cite in the report should go into a separate bibliography. Unless explicitly stated otherwise by the module teaching team, all referencing should be in **Westminster Harvard** format. If you are not sure about this, the library provides guidance (available via the library website pages).

5 MAIN METHODS OF VALUATION

* Comparable (SUCH AS HOUSES OR PROPERTIES IN CLOSE PROXIMITY)
* Investment
* Profit
* Residual
* Cost Approach e.g. DRC