



CHAPTER 8

Structure of the Valuation Report

This chapter provides a description of the main elements of what is known as a ‘valuation report’, i.e. the document relating to the appraisal of a property which ‘clearly and accurately set[s] out the conclusions of the valuation in a manner that is neither ambiguous nor misleading, and which does not create a false impression’.¹

The following is a non-exhaustive list of what are considered to be the main elements of a valuation report, indicating those that are fundamental requirements (also called ‘minimum terms of engagement’²) and those that constitute good practice and therefore contribute to maintaining a high standard of professional competence. In practice, the content of a valuation report depends significantly on the quality and quantity of the information available, so it is essential to specify the sources of the information used, as well as to report the assumptions on which the valuation is based.

The structure and the level of detail depend also on the purpose of the valuation. If the report is for internal purposes, some parts may be omitted (e.g. part of the Preamble) and other parts (e.g. the Description of the property when known to all the readers) may be minimal.

In this chapter, therefore, we shall describe the ideal case of a full valuation, without the limits set in the terms of engagement which, due to necessity (lack of information) or the client’s requirements (e.g. to keep down the costs of the valuation by avoiding zoning analysis), could result in a less detailed analysis. Reference is also made to a so-called ‘full’ valuation, i.e. with an external and internal inspection visit. In this respect it is useful to distinguish between:

- ‘Desktop’ valuations: no inspection is carried out, but the valuer performs an indirect verification, where possible, of the documentation provided by the client using online maps, for example, to determine the location, or property portals and databases to analyse the market.
- ‘Drive-by’ valuations: after having examined the documentation provided by the client, the valuer carries out only an external inspection of the property gathering data and information on site.
- ‘Full’ valuations: the valuer also carries out an internal inspection of the property, as well as carrying out any further technical and administrative research if required (e.g. local town planning search involving the relevant local authorities).

Ideally, to provide the reader with a simple structure, the valuation report should consist of the seven main parts, better described in the following paragraphs:

1. Executive Summary
2. Preamble
3. Description of the property



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- 4. Market Analysis**
- 5. Valuation**
- 6. Conclusions**
- 7. Appendices.**

