

National Association of Valuers of Serbia (NAVS) Friday 1st Nov and Saturday 2nd Nov 2019

Real Estate Valuation & Investment

Current Issues and Challenges using the Income Approach

Investment sentiment is the lynchpin of all real estate valuations. Through a series of lectures, this course provides an essential insight into the need to understand property investment markets and the importance of pricing to market.

COURSE DIRECTOR

Nick French

Real Estate Valuation Theurgy, Property Education

Chichester, West Sussex, UK

Email: valuation@nickfrench.org.uk

Course content:

- ❖ Valuation Approaches, Methods and Models – applied to real estate pricing
- ❖ Income Approach - Investment Method
 - Explicit Growth (DCF) Models (Target Rate) or Implicit Growth Models (Capitalisation Rate)
 - Exit Yields – adjustment of current capitalisation rates
 - Reversionary Values - capitalisation to perpetuity or until the end of expected economic life?
 - Determination of yields – based on market transactions (top-down) or derived from comparative yields plus risk and growth (bottom-up)
 - Discount rate – how investors think: expected rate of return for defined holding period is equal to cost of capital (WACC) or investors use current cap rate extracted from the market and add inflation (growth)...what is the logic of investors?
- ❖ Market Approach
 - The relationship between market maturity and reliable comparable evidence
- ❖ Market Uncertainty
 - The need to place valuations in market context

Friday 1st Nov 2019

13.00	INTRODUCTION – VALUE, PRICE AND WORTH A short revision of the role of the valuer and the distinction between Valuation and Calculation of worth
14.00	APPROACHES, METHODS and MODELS A discussion of Valuation Standards in the context of definitions and requirements on valuers
15:00	Break
15:30	IMPLICIT AND EXPLICIT VALUATION MODELS – PART 1 The application of implicit and explicit discounted cash flow (DCF) valuations to market pricing and the determination of appropriate yields – The relationship of yields
17:00	Close

Saturday 2nd Nov 2019

10:00	IMPLICIT AND EXPLICIT VALUATION MODELS – PART 2 The application of implicit and explicit discounted cash flow (DCF) valuations to market pricing and the determination of appropriate yields – The relationship of yields
12:15	Lunch Break
13:00	MARKET APPROACH The “baby and the bathwater” – the importance of simple heuristics and the importance of comparables in marking to market.
14:30	Break
15:00	VALUATION, UNCERTAINTY and MARKET PRICING In a very uncertain world, it is important that users of valuations understand the valuation in context of market.
16:30	Close