



value ≠ value

“No!” was often the instinctive and gut response to my question of whether architects and valuers (valuation surveyors) have the same concepts of value. Even with more considered discussion, it was clear that there are notable differences...

Why should this be the case? What makes an opinion of value by a surveyor so distinctly different to that of an architect? After all, they both worked in property and both had similar clients.

If they both work for the same client, whose opinion should they believe? Why do they not align? Which opinion should have more prominence? Are the opinions completely different, or is there some overlap? If an architect and valuer have a divergence of opinion, it follows that difficulties and consequences will arise: differences in understanding, communication and subsequently assessment of the results.

These questions were the starting point for further investigation, which became the subject of my masters dissertation last year¹. The investigation concluded that indeed there is a big difference, just as the gut responses suggested. In fact, there are quite a few differences in value concepts between architects and valuers, as I describe in the book *Concepts of Value in Property*². I believe shedding some light on these differences will enable better understanding, and ultimately better value buildings.

A key insight emerges from an understanding of *perspective*. A perspective is what is seen from a particular person's viewpoint; it is their opinion of value. Ah, I hear you say, both the architect and valuer adopt the perspective of the client who appoints them. This, at first glance, seems clear – but it is wrong. It is wrong for the architect and it is wrong for the valuer.

Both take the client's opinion and reframe it into their own brief, as seen through their own perspective. Let's consider each in turn:

A valuer is appointed to establish the financial value of a property. Therein lies the first perspective, whereby all forms of value are reinterpreted into a 'financial value' figure. The valuer further sets this to a specific date, with the recognition that the value of money changes with time. A second perspective is then typically adopted for a valuation: the opinion of the market. A market valuation considers the value according to the price at which a likely exchange will take place. In summary, a valuer works to the market perspective, on behalf of the client.

An architect is appointed to create a design, then manage the construction of a building. The architect considers the building's use and occupation in its design, as well as the methods of construction. The architect therefore adopts the user's perspective, as the building is occupied and its spaces are used over an extended period of time. The builder's perspective is also adopted to ensure it is feasible and manageable to construct. In summary, an architect works to the user's perspective, on behalf of the client.

One clear difference becomes apparent when one compares their approach to time. A valuer works towards one moment in time. An architect works with extended periods of time, both the construction period, but also the extended use and occupation of a building.

If a client clarifies the timeframe of their interest, the value judgement of an architect or valuer can be weighted accordingly. If it is a development building, there is a short timespan until exit, i.e. until it is sold. In this case, the market perspective carries most weight. If it is an owner-occupier building, there is a long or indefinite timespan. In this case, it is the occupier's perspective that carries more weight. As the timespan extends, different forms of value apply, including process value, flexibility, risk, value in use and other non-financial values such as culture, society, sustainability, strategy, esteem etc.

1 - Rasche, T. (2016) Masters dissertation for MSc Real Estate Finance and Investment at the University of the West of England, Bristol. Unpublished.

2 - Rasche, T. (2016) *Concepts of Value in Property*. Lulu.com. Available from: www.rasche.property