

PROPERTY MARKET ANALYSIS IN THE VALUATION PROCESS: A SURVEY OF AUSTRALIAN PRACTICE

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Keywords: Property market analysis, valuation practice, land economics, property market characteristics, real property valuation.

ABSTRACT

The nature of property valuation/analysis is examined in respect of the property market and, in particular, the extent of property market analysis undertaken by practitioners when carrying out property valuations. An empirical survey is described of a sample of 240 valuers throughout Australia and their practices in valuing investment grade property. It is shown that, although the valuers are fully aware of the need for property market analysis, and collect appropriate data to do the analysis, the analysis itself is seldom conducted in other than a cursory manner.

INTRODUCTION

A major function of market analysis in the appraisal process is to identify key factors of value. This is said to be essential to appraisals because it is the foundation for economic decision-making (Fanning *et al*, 1994, p. 5-7). However, a number of professional and academic sources involved with the property market process suggest that the property market process is not well understood, and hence, may not be interpreted appropriately by practitioners.

This lack of understanding appears to be all pervading. Millington (1996, p. 13) and Whipple (1995, p. 52, 56-57), for example, discuss the broad context of the property market, while sensitivity and awareness of the complexity and current lack of understanding of the property market process is apparent from a number of the authors (eg. Hall, 1996, 1997; Fainstein, 1994; Healy *et al*, 1995). Of particular note is the recognition by Fainstein of the significance of behavioural and exchange aspects of the market, in contrast to the traditional planners' focus on development characteristics, in respect of planners' role as urban managers. Healy *et al*'s perception is that an enhanced, but still elusive, understanding of the operation of the property market, is crucial to the effective management of the urban system.

Some of the more recent Australian commentaries (e.g. Whipple, 1995; Squirrell, 1997; Westwood, 1997) promote the congruence between land economy and valuation, suggesting opportunities for an enhanced understanding of the market process may consequently emerge. This was tested in the survey of valuers through separate identification of Australian Property Institute (API) dual stream members (valuer and land economist). Such commonality is also exploited in some of the literature emanating from property researchers. Pittman and Thrall (1997, p. 203) for example, make comment upon the various interpretations of 'property research' that are typically demonstrated by valuers, property economists and academics.

The proposition of Fanning et al (1994, p. 5) is that market analysis ranges from the general to the complex and that the extremes of this continuum are represented, respectively, as inferred (or trend) analysis and fundamental analysis. Their criticism of valuers is that they rely upon the former approach, which estimates future patterns of activity by investigating past market behaviour, to the exclusion of the latter, thereby limiting the usefulness of their report. Whilst Carn et al (1988) demonstrates a somewhat similar philosophy of approach to Fanning et al, Fibbens (1997) appears to fully support Fanning's worst fears of market analysis by starting, and ending, with the analysis of past transactions. Given that Fibbens was writing in one of the most recent valuation texts published by the API, it would not be unreasonable to consider such views to have support amongst practitioners and wide exposure to the current and upcoming student cohort.

Empirical work has shown that valuers do not always follow the prescribed valuation process (Diaz, 1990) for a variety of reasons, including client pressure (Gallimore and Wolverton, 2000; Worzala et al, 1998) and culture (Gallimore and Wolverton, 1997). Little is known of the extent to which valuers consider market processes in their valuations. Australian surveys of users of valuation reports by Newell and Barrett (1990), Newell (1995) and Newell (1999) have made some progress. These surveys indicate a perceived continuing improvement over the last decade, the most recent (1998) being that 97% and 58% of respondents indicated that valuations are "relevant" and "highly relevant" respectively to their investment-related decisions; 96% of reports are at least adequate for their purpose; 85% of reports contain sufficient analytical detail; and 96% of valuers are considered to be competent in their professional activities. At the same time, however, "failure to understand complexities and market position of a particular project" and "inadequate market analysis" are consistently the highest of the perceived weaknesses over the period (Newell, 1999).

To date, no direct survey of valuers has been attempted on this issue. Consequently, a questionnaire survey was undertaken to investigate the view that the property market process is not well understood by market participants and, more specifically, the extent to which market analysis is conducted by the valuation

profession. This was done by means of a large empirical survey of practising valuers in Australia. The results of the research are described below.

SURVEY METHODOLOGY

Preliminary interviews

The review of the literature, generated from the field of valuation and related professional and academic areas, supports the view of Fanning et al (1994:5) that further investigation is appropriate to increase the understanding of the property market process. It also provides evidence of a range of non-consensual views. Indeed, the range of perceptions of the nature of the market, as well as appropriate techniques for its analysis, demonstrates extreme diversity and lack of congruence, both within and between the property-related professional and academic literature canvassed.

Whilst there have been a few surveys of valuation practice in Australia during the past ten years (Newell and Barrett, 1990; Newell and Fibbens, 1991; Boyd, 1992, 1993), the focus has been either on the users of valuations (the clients) or on complementary aspects of valuation, such as the redefinition of market value or general aspects of valuation practice.

A number of valuers practising the valuation of investment grade property from a range of backgrounds and levels of experience were therefore approached through meetings held in an unstructured interview format. The agenda was very informal with a few prompts being provided to facilitate focus and convergence. At the outset, the statement by Fanning et al (1994:5) was discussed, together with an outline of the scope and content of this study. Four questions that are more specific were then posed in each interview. These all related to their understanding of the term 'property market analysis': what it would be in a perfect world; how reality differs and, consequently, how such analysis is undertaken in their practice; and, finally, the constraints they experience.

There was no predetermined number of people who were to be targeted for the unstructured interviews. Rather the interviews were to continue to be held until such time as the responses converged. In practice, this was achieved with ten interviews, and even by the third, the responses showed great commonality. Appendix A provides details of those with whom the unstructured interviews were held.

Target sample

With the partial deregulation of the valuation profession, which has been occurring to varying degrees across the country since 1993 as a result of the federal

government's National Competition Policy (Hilmer Report, 1993), the traditional use of the Valuers' Registration Boards as the definitive source of the total population of those who are recognised as valuers was no longer available. The situation at the time of the research varied (Valuers' Registration Board of Queensland (VRBQ) 1998) from state to state, with South Australia, for example, having adopted a system of negative registration - which enables people to practise as valuers until found negligent or otherwise unfit to do so by the courts. New South Wales and Tasmania were also moving toward this system, whilst Queensland had not yet chosen its approach, but was considering co-regulation between government regulation and its administration through the professional institute, the Australian Property Institute (formerly the AIVLE). The Queensland Valuers' Registration Act 1992 was still in place. Victoria had total deregulation, but the government required valuers to be on an approved list in order to undertake government work. Western Australia was moving towards deregulation as at September 1998, but efforts were continuing to retain negative registration as a preferred option. There was no registration in the Northern Territory or the ACT.

Given this lack of conformity between the states, the most comprehensive national listing available when the survey was being prepared was held by the AIVLE (now API), as its membership records show those members who are valuers (as opposed to land economists or specialist plant and machinery valuers) and whether or not they are practising or retired. Except for these details, the records, however, did not identify the type of valuations primarily undertaken by valuers in general practice. Consequently, it was not possible to target members who focus on the valuation of investment grade property, except by contacting them directly.

The study population was thus identified, in late 1997, through the co-operation of the Divisional Registrars who provided details of the AIVLE lists of valuer members from each state/territory. Discussions with the Registrars indicated a consensus view that in the order of 25% of all practising valuer members (i.e. some 1000 of the 4000 total) would, in their opinion, be involved principally with the valuation of investment grade property, and they would be most likely to be resident in the metropolitan and major provincial centres. 1722 postal questionnaires were sent out between 13th November 1997 and 12th January 1998 to members falling into this category. As the responses were anonymous, a state-by-state response level was not available from the data.

1722 postal questionnaires were sent out. 240 responses were received, constituting a 14% response rate. The divisional registrars of the Institute indicated they considered 25% of practising valuers to be involved in the valuation of investment grade property. The survey's targeting of metropolitan-based practitioners was intended to focus on these members. However, whilst accepting that the response rate was low, it is considered sufficient for analysis purposes (Barnett, 1991:68).

Questionnaire design

The questionnaire was structured in three parts, following an introduction that identified the purpose of the questionnaire as:

1. to find out from practising valuers their views of the role of market analysis in the valuation of investment grade property
2. to compare the views of these Australian valuers with those from other places.

The 'other places' refers to that material accessed through this study's literature review and found principally to be academic in character. The introduction continued with instructions to participants to circle the number of the response (based on the Likert scale) which most closely reflects their views of the valuation work with which they are involved. The extremes of the range were identified at the head of the appropriate column, e.g. strongly agree, and at the far end e.g. strongly disagree. The intervening columns were not classified to allow analysis to be conducted at the interval level.

Following the introduction, the three sections A, B and C sought information, respectively, on the participants' professional and academic qualifications and experience; their views on the nature of market analysis; and the identification of factors influencing the property market, which they consider to be important when undertaking the market analysis part of the market valuation of investment grade property.

Overall, the main purpose of the section A was to identify relevant characteristics of participants. The existing literature, in Australia and overseas from the evidence of that which has been accessed, provided very little assistance upon which to base expectations. More specifically, in the context of this enquiry into the role of market analysis in the valuation of investment grade property, it was intended to provide some indication of the levels of conformity or diversity existing between valuers using a series of filters based on educational background, duration of professional experience, stream of AIVLE membership, or focus of work in the area of investment. Any such relationships identified may then be compared to those identified later in the survey.

Section B of the survey asked for participants' views on what they consider to be market analysis. It comprised some thirteen questions and is the largest section of the questionnaire. In most cases, the text of the question was drawn from one of the sources used for the literature review, and many are direct quotes. It thus uses many contradictory and challenging statements and seeks to obtain clear comments from the targeted group of practising valuers.

When constructing this section of the questionnaire, it was necessary to be particularly mindful of the depth, length and appearance of the document and of individual questions to avoid their appearing too daunting to potential respondents. It was for this reason that many questions were separated, thereby offering a visual break in preference to a slab of text which their presentation as one, three-part, question may have suggested. Where questions had more subtle variations or shades of meaning, they were linked into one question to encourage respondents' awareness of this relationship. The opportunity for an open-ended response was frequently proffered. This was largely because of the literature's evident failure to offer a consensus view in many areas; for example, that of a universally acceptable definition of market value.

The final section of the survey, Section C, comprised one question with five sub-sections to facilitate completion and analysis of the 70 factors, which are nominated for consideration as the essential features that market analysis can address. The factors were sourced, variously and sometimes repetitively, from AIVLE Guidance Notes (GN LE1 1/96), Fanning et al (1994), Millington (1994), Whipple (1995) and Barlowe (1986), from discussions with practitioners participating in the unstructured interviews and from brainstorming with academic colleagues.

The grouping of factors into property aspects, socio-economic factors, economic and political factors, organisational aspects, environmental, technological and land use issues and market activity aspects was intended to reflect the full range of influences raised in the literature review including some exogenous factors. The items included ranged from very specific details of a property (e.g. age, size, location) through activity levels within the property market to wider aspects of the national economy, such as exchange rates and GDP, bureaucratic systems and impact of technological change. It was anticipated that the responses from this question would be further analysed by means of the filter groups.

The inclusion of an open-ended category for other factors to be added was aimed at eliciting major oversights of general character or specific considerations of relevance to specialists. However, its position as the final item of a long questionnaire was expected to restrict the response rate. Similarly, the request for respondents to specify property type when considering the market factors' affect, which was placed at the end of the question block, may be found to suffer a similar fate.

The survey was administered in late 1997 by the API to its members. 240 responses were received, constituting an estimated 50% response rate from regular valuers of investment grade property. The major results are summarised in the next section.

RESULTS

General

Table I summarises the length of experience of the respondents as measured by the year of registration, indicating the sample to comprise a reasonable cross-section of the likely population.

Table I: API membership by date of registration or equivalent

Date of registration	1993-98	1988-92	1978-87	1900-77	Unknown	Total
Number	35	42	80	78	5	240
Percentage of respondents	14.6%	17.5%	33.3%	32.5%	2.1%	100%

Table II summarises the type of valuations undertaken most often by the respondents, in comparison with Boyd's 1993 survey. This shows that, of the 986 responses to work that is 'often' or 'occasionally' undertaken, 79% (780) comprises investment grade valuation work, the balance being owner-occupied (mortgage) valuations. It suggests that the survey, like Boyd's, reached an appropriate sample of respondents.

Table II: Responses by category of valuation work: Boyd and this survey compared

Category of valuation	Boyd (1993)			This survey			
	<i>Often</i>	<i>On occasions</i>	<i>Never</i>	<i>Often</i>	<i>On occasions</i>	<i>Never</i>	<i>No response</i>
Urban investment property \$10m+	23%	44%	33%	15%	38%	43%	4%
Urban investment property under \$10m	56%	39%	5%	51%	33%	11%	5%
Rural property \$10m+	1%	17%	82%	2%	13%	77%	8%
Rural property under \$10m	18%	41%	41%	23%	34%	36%	7%
Owner occupied dwellings	63%	32%	5%	64%	22%	9%	5%
Hotels and resorts \$10m +	-	-	-	6%	16%	72%	6%
Hotels and resorts under \$10m	-	-	-	9%	35%	50%	7%
Other*	-	-	-	20%	6%	0%	74%

* Management rights and other non-specified

A mean of 38% (30% median) of valuations undertaken by respondents are for investment grade property, with 39% of respondents' work involving the valuation of investment grade property in 50% or more of instructions. An average of 103 investment grade valuations was completed by each respondent in the last 12 months (333 over a five-year period). This may be accounted for by varying levels of economic activity, with the current output having increased over the last two years. In some cases, individuals may be increasing their workload perhaps as they increase their expertise but, with an even distribution of experience, this is just as likely to be counterbalanced by those who are reducing their workload as they approach retirement.

MARKET ANALYSIS

Definition and compliance

One finding from this section is the strong support for the definition of market analysis, with 79% of respondents agreeing that it could be defined as 'the process that identifies, analyses and synthesises market information to assist with the determination of an opinion of value'. Respondents generally complied with the recommended technical aspects of market analysis procedures, except for the use of econometric or other theoretical models as a component of market analysis, which was regarded as very much the domain of specialist practitioners.

Support

Valuers do not appear to be complacent about their shortcomings, with the majority again recognising the need to respond to an increasingly broad view of the market. However, the responses indicate that the majority have the confidence to undertake the tasks of market analysis required of them, with 75% agreeing or strongly agreeing that they have the appropriate skills and judgement. They are also sensitive to the need for change in practice and such continuing adaptation may be an appropriate assertion of this level of confidence, and their continuing professional practice a demonstration of it. The responses also provide some indication that, if the view is adopted that the profession is a relevant judge, the high level of support for the recommended practices nominated in the API's professional practice guidelines are a useful starting point.

Reporting

In contrast with the Newell and Barrett (1990) and Newell (1995, 1999) surveys, the feedback from the informal interviews revealed a long-perceived criticism from some clients of valuation reports' over-emphasis on descriptive components at the expense of analytical ones. The results of this survey (Table III) suggest that, while the former is still the single largest component, with an average of 38% (20% standard deviation) of the total content, the latter items in the report - which deal

both with data analysis and synthesis - of market analysis, calculation, reconciliation and forecasting, together exceed it by comprising some 58% of an average report. Of this latter group, market analysis - at an average of 30% (13% standard deviation) content - is the largest section. Forecasting is the most recent addition to the contents of a valuation report and its relatively infrequent showing at an average of 7% (6% standard deviation) content is likely to be a reflection of this. It also may confirm the dominance of valuers' reliance on past events.

Table III: Components of a valuation report

	Mean	Standard Deviation
Descriptive aspects	38%	20%
Market analysis	30%	13%
Calculations	13%	8%
Reconciliation	8%	6%
Forecasting	7%	6%
Other	4%	8%

Constraints

Table IV summarises the constraints on property market analysis, rank ordered by the sum of the first two categories. This is limited to those responses where constraints are considered to limit effective market analysis. As can be seen, when the responses of the first two categories are added together, there are four cases where the total of those responses exceeds the total of the other responses (i.e. exceeds 50%). These are: the limited volume of information at 68%; the questionable accuracy of market data at 66%; time pressure at 62% and restricted access to relevant data at 56%.

Responses across categories

One other aspect of the responses to this question that may be of interest is the somewhat similar pattern of responses across the three central categories. This is evident in the case of the limits of questionable market accuracy, the limited volume of relevant information, the cost and speed of obtaining information and confidentiality agreements. These results suggest a lack of consensus regarding factors that limit effective market analysis, although over two-thirds consider the limited volume of information, time pressure and the questionable accuracy of market data in the top two categories. To this extent, therefore, these findings support the literature in that Fanning et al (1994) also criticise the accuracy of market data, as do Carn et al (1988, p. 7) who also expresses concern over the client-analyst relationship that may be inferred as generating the time pressures on valuers/analysts. It would appear that valuers are endeavouring to provide a high standard of data collection and analysis, since they show concern for the limited

volume of relevant information available. Furthermore, it should be noted that some 20% of respondents consider the skills of the analyst/valuer to limit property market analysis to a great extent (47% when the next category of limitation is added), suggesting that they may be aware of the shortcomings inherent in the process and possibly boding well for its improvement.

Table IV: Constraints on property market analysis

Limiting effect on property market analysis	Great extent				Minimum extent	No response
Limited volume of relevant info	23%	45%	20%	7%	2%	3%
Questionable accuracy of market data	24%	42%	19%	9%	3%	3%
Time pressure	24%	38%	22%	11%	3%	3%
Restricted access to relevant info	26%	30%	26%	9%	2%	4%
Pressure from clients	18%	30%	23%	17%	10%	3%
Skills of the analyst/valuer	20%	27%	30%	18%	3%	3%
Speed of obtaining information	15%	30%	27%	19%	8%	3%
Confidentiality agreements	17%	23%	34%	18%	4%	4%
Cost of obtaining information	14%	25%	27%	23%	8%	3%
Limitless volume of relevant info	4%	8%	20%	33%	28%	7%
Other	3%	1%	0%	0%	0%	95%*

**Notation identified in text.*

FACTORS INFLUENCING THE PROPERTY MARKET

General factors

A basic assumption is that the factors that are rated highly by valuers/analysts are likely to be those on which they rely when undertaking market analyses. This enables some light to be shed on the question raised by Fanning et al (1994, p. 5), i.e. that data collection need not imply data analysis. Of the 70 factors nominated in the questionnaire, 19 were considered by respondents to be 'very important' in affecting the property market (Table V). Of these, nine are concerned with property aspects; one with economic and political aspects; four with organisational aspects;

three with environmental, technological and land use issues and two with market activity aspects. Seven of these top responses were nominated by at least 50% of respondents and the top three - comparable transactions, lease terms and conditions, and location - by over two-thirds of them.

Table V: Rank order of ‘very important’ responses to factors affecting the property market

Market analysis factor	% ‘very important’
Comparable transactions	75
Lease terms and conditions	71
Location	69
Tenure	59
Contamination	54
Zoning	53
Current levels of vacant space	53
Vacancy rates	50
Reliability of information	50
Land size, shape, slope, drainage etc.	49
Age, obsolescence, condition of improvements	48
Local planning instruments	47
Take-up rates	47
Heritage	43
Accessibility to information	42
Tenant mix	38
Size	35
Tenure system	31
Ethics	29

The strength of support for property aspects is not surprising, as it comprises both physical and occupancy considerations and, with 20 items, is comprehensive. By contrast with the property aspects, socio-economic factors did not record any items with ‘very important’ ranked highest. Only one of twenty economic and political aspects (that of the ‘misplaced’ evidence of comparable transactions) was represented which, combined with the low response to socio-economic factors, may give support to the views of Fanning et al (1994, p. 5) that the broader issues receive relatively little attention. Organisational aspects fare better, with four of the ten aspects represented - accessibility to and reliability of information, the tenure system and ethics. In the case of environmental, technological and land use issues, three of the ten were nominated - contamination, local planning instruments and heritage. However, these three items are much more closely linked to aspects affecting an individual property than to circumstances that influence the underlying

market, again suggesting a greater focus on the specifics of the property than the fundamentals of the market.

Table VI: Ranking of responses over 50% to market analysis factors by addition of ‘very important’ and ‘important’ responses

Factor	%
Location	93
Lease terms, conditions	91
Comparable transactions	91
Vacant space	89
Building condition etc	86
Tenure	86
Contamination	85
Take-up rates	85
Vacancy rates	82
Reliability of information	82
Local planning	82
Zoning	79
Land size etc	78
Heritage	78
Accessibility of information	76
Tenant mix	75
Construction activity	75
Interest rates	73
Services	72
Use of property	71
Access	71
Car parking, loading	71
Current DAs	70
Size of property	69
Building design	67
Natural hazards	67
Internal layout	65
Regional planning	65
Point in property cycle	63
Maintenance costs	63
Market size	61
Tenure system	59
Inflation	57
Lending policies	56
Point in business cycle	55
Local environmental conditions	55
Infrastructure capacity	53
Property aspects (overall)	51

38 factors scored over 50% when the responses of very important and important were aggregated. By comparing Table VI with Table V above, it may be noted that not all those aspects appear in both tables. This may indicate that respondents appear to prefer to under-state rather than over-state their commitment to the various aspects.

The top decile comprises three factors: location (93%), lease terms and conditions (91%) and comparable transactions also 91%. The same three which were also the top ranking factors for the 'very important' response, providing a clear indication of the pre-eminence accord with the aspects by over nine out of ten respondent valuers. The first two are from the property aspect group and the third, though included in the survey under economic and political aspects, should be viewed as a market activity aspect. These three factors represent a breadth of characteristics of both macro- and micro-level consideration: location implies that the property is set within the physical and economic framework of competing properties; the lease terms and conditions define the specifics of income flows, current and upcoming; and comparable transactions confirms valuers' reliance on past activity as a guide to future practices. Given that these responses are based on a broad range of property types and interests that are valued, it is perhaps not surprising that these all-encompassing aspects should receive such strong support.

The next decile, between 80% and 89%, comprises eight factors: current levels of vacant space (89%), building condition, age, obsolescence (86%), tenure (86%), contamination and take-up rates (85%), with vacancy rates, reliability of information and local planning following with 82%. When the eight following highest-ranking factors of the 'very important' responses are compared, take-up rates and local planning replace zoning and land size/shape/drainage etc. However, if the comparison extends to the following two highest ranked items of each listing, i.e. to the 12th and 13th ranked factors, then the two lists both include the same factors, though in a slightly different sequence.

Of the remaining six factors appearing in the 'very important' ranking, the first three - heritage, accessibility to information and tenant mix - are in the same sequence on both lists; whilst the 17th, 18th and 19th ranking (size, tenure system and ethics respectively) on the 'very important' list appear as at 24th, 32nd and nowhere on the combined list.

In summary, the high level of similarity between the factors and between their ranking indicates the lack of any large differences between the factors that valuers consider very important or just important when identifying such features for use in market analysis.

Source groups

Table VII compares the source groups of the factors that appear in the two lists of rankings illustrated in Tables V and VI.

Table VII: Comparison by source group for top ranking ‘very important’ and ‘important’ responses to market analysis factors

Market factors by group (number of factors per group)	‘Most important’ top rank		‘Very important’ and ‘important’ top rank		Other responses over 40%
Property aspects (20)	9/20	45%	17/20	85%	-
Socio-economic factors (6)	-	-	-	-	-
Economic & political aspects (20)	1/20*	5%	6/20	30%	1/20
Organisational aspects (10)	4/10	40%	4/10	40%	1/10
Environmental, technological & land use issues (10)	3/10	30%	7/10	70%	1/10
Market activity aspects (9)	2/9	22%	4/9	44%	1/9
Other (1)	-	-	-	-	1/1

*: Note: this item is ‘evidence of comparable transactions’ which, as discussed in the commentary, would be better placed in the market activity group.

It is apparent from the material summarised in Table VII that property aspects are consistently ranked higher than the other groups of aspects. The ‘property aspects’ grouping covers a broad range of characteristics that serve to identify specifically an individual property. It does not equate to physical or technical aspects. The responses indicate an emphasis on legal and market linked characteristics - such as comparable transactions, lease terms and conditions, tenure, contamination and zoning and with only three physical aspects (land size etc., building condition etc. and size) being nominated as ‘most important’. The pre-eminence of location (in third place) would also reflect its economic potential rather than merely the physical situs.

Of the remaining groups, environmental, technological and land use issues have the strongest showing. This may be partly accounted for by the dominance of statutory planning in this group, but also by the frequent mention of contamination and heritage, perhaps as these, being issues of fairly recent legislative (and hence professional) concern, are areas of uncertainty whose impact upon value is considered less predictable than other, more familiar, components of market analysis.

By contrast, the least support is given to socio-economic factors that do not rate at all in this analysis. A sympathetic explanation for lack of concern over these fundamental drivers of the economy would be their stability relative, for example, to property or market aspects. The relatively poor showing of market activity aspects is perhaps surprising, suggesting the valuers' general lack of perception of the broader considerations of the property market.

CONCLUSION

The principal finding of the study was that, whilst valuers' views on the nature of the property market accord closely with those of the literature, when questioned further on the factors they consider important when undertaking a valuation, their focus is relatively narrow, retrospective and property-based. The inference is that practising valuers possess as clear an understanding of the property market process as do the commentators, but do not demonstrate it in their work. The reasons for this may be a consequence of the respondents' education, their understanding of what is now appropriate in practice or it may be that they are merely responding to the limited expectations of many clients.

The results of the survey also indicate support for market analysis being viewed as broad ranging and expansive in its coverage. Practitioners are well aware of constraints that limit their effectiveness in market analysis and are responsive to the need for improvement. Property specific aspects, as a category, are ranked most highly, socio-economic, economic, and political aspects most lowly (although a small number of statistically significant results in this area were evident from the investment grade valuer sub-category).

These findings have implications for valuers' education and professional practice in the future when, as the valuation profession itself perversely recognises, it may be anticipated that valuation is likely to become a more rigorous process. The research identified this paradox as a target for further study. In addition, the following three areas were identified for further research:

- The examination of valuation reports from practising valuers should enable further information to be gleaned – possibly leading to a more detailed classification of market analysis methods than that currently available in the literature.
- A repetition of this survey, or similar survey of other professional bodies overseas, would be useful to identify trends.
- An examination of the quality of the property market analysis could be undertaken by a combination of survey and analysis of valuation reports. The question of fitness for purpose, who is qualified to judge, etc., were beyond the bounds of the study reported here, but could be extended to the role of the

profession in general, its responsibilities to the public, issues of accountability and self or external regulation.

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ACKNOWLEDGEMENTS

Thanks go to Phillip Willington of Knight Frank Independent, Brian Waghorn of McGee's, Mike Tidbold of Jones Lang TransAct, Christopher Anthony of Stanton Hillier Parker, Randall Warren of The Professionals and the registrars and members of the divisional offices of the API, especially Tony McNamara and staff in Queensland.

Appendix A: List of people interviewed for the unstructured interviews

	Position	Principal area of expertise
1	Director of Valuations, Stanton Hillier Parker, Brisbane	Institutional and prime investment grade; full range of property type; metropolitan and state-wide
2	Director, Cameron Brothers, Brisbane	Trusts, owner occupied and investment property; Brisbane city and suburbs; mortgage valuations
3	Sole principal, Iveson and Associates, Wynnum, Queensland	Medium range investment, owner occupied and development property; private investors and developers; mortgage valuations. Suburban and SE Qld
4	Divisional valuer, Department of Natural Resources, Brisbane	Valuation of prime property for government purposes; rural and urban; central city and SE Qld
5	Director, Alex J. Saunders Valuers, Milton, Queensland	Medium range investment and owner- occupied property; mortgage valuations; city fringe and suburban
6	Director, Australia Pacific Valuations, Buranda, Queensland	Prime investment grade property including specialist properties; Australia wide and SE Asia/Pacific
7	Director, Jones Lang Wootton TransAct, Brisbane	Resorts, hotels and other prime investment grade and institutional property; Australia- wide and SE Asia/Pacific
8	Director of Valuations, McGee's, Brisbane	Prime investment and institutional grade property; Queensland focus plus international portfolios
9	Principal, The Professionals, Everton Park, Queensland	Medium range investment and development and subdivisional property; Brisbane metropolitan and SE Queensland
10	Director of Valuations, Knight Frank Independent, Brisbane	Institutional and prime investment grade; full range of property type; metropolitan and state-wide