HOWKINS & HARRISON

RICS Red Book Valuations

A ‘Red Book’ valuation is a formal opinion of value from a Chartered Surveyor, which can be relied upon by the instructing party. They serve a very different purpose than a ‘market appraisal’ which is an informal opinion on a suitable guide price for a property, and which are provided by estate agents in the hope of being instructed to sell a property.

SALES / LETTINGS / COMMERCIAL / FARM & RURAL
PLANNING & DEVELOPMENT / AUCTIONS

RICS Red Book Valuations

Chartered Surveyors who assess the value of properties and land are required to work within strict professional standards set by RICS, the Royal Institution of Chartered Surveyors – and the publication that contains these valuation standards is known in the industry as the 'Red Book'.

The Red Book sets out the professional standards that valuers should follow, and its formal title is the 'RICS Valuation Global Standards'. These rules ensure that high standards of inspection, investigation, analysis, definition, justification and presentation are met. Individuals undertaking Red Book valuations are known as 'RICS Registered Valuers'.

WHEN DO YOU NEED A RED BOOK VALUATION?

The main situations where Red Book valuations are essential are:

- Tax purposes (e.g., tax planning / capital gains tax / inheritance tax and probate)
- Transferring assets into a pension fund to a company or to family members
- Divorce proceedings, or other legal court proceedings
- Disputes being resolved through mediation or arbitration
- Financial reporting
- Loan security
- Partnership dissolution

The simple answer is that a Red Book valuation is needed in all circumstances except when asking an estate agent to provide a 'marketing appraisal' with a view to instructing them to sell something.

BENEFITS OF A RED BOOK VALUATION

The Red Book is recognised globally as one of the most rigorous sets of criteria for valuations. The standards which ensure the quality of assessment mean that these valuations are ideal to use in circumstances that are subject to legislative requirements.

Red Book valuations are fully researched and documented written valuations, which should be of a standard and clarity that stands the test of time and can be referred back to and understood in the future by third parties unconnected with the original instruction.

RED BOOK VALUATION VRS MARKET APPRAISAL

Market appraisals are general estimates of a property's value to use as a guide price for marketing. Usually provided by estate agents (who may or may not be chartered surveyors), they are generally not relied upon by HMRC, courts or other bodies for assessing tax liability etc, and are not acceptable to lenders as valuations for loan security.

A Red Book valuation however is conducted by a RICS Registered Valuer who has the professional expertise to provide an accurate evidence-based market valuation based on the property's condition and local knowledge.

CAN WE HELP?

Howkins & Harrison has a number of RICS qualified Registered Valuers who are able to provide Red Book reports for all types of agricultural, rural, residential and commercial property. Alongside our qualified professional team, our agency team are able to provide a market appraisal if you are considering a sale of your property.

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