

AN ACCURATE MARKET VALUE: FROM VALUATION TO REVIEW OF REAL ESTATE APPRAISALS

Helga Flavia TOTHĂZAN^{a*}

^{a)} Babeş-Bolyai University, Faculty of Economics and Business Administration,
Cluj-Napoca, Romania

Please cite this article as:

Tothăzan, H.F., 2022. An accurate market value: from valuation to review of real estate appraisals. *Review of Economic Studies and Research Virgil Madgearu*, 15(1), pp.161-175. doi: 10.24193/RVM.2022.15.89.

Article History:

Received: 17 February 2022

Accepted: 27 March 2022

Abstract: *In valuation, we can talk about the fields of researchers and practitioners. Researchers tend to place more emphasis on finding a foldable statistical model, and practitioners show a preference for reviewing reports. All these efforts have as a common aim the accurate market price for users which must be correctly informed. Thus, there is a lot of research on statistical models in the research area, and in valuation, there is more information on the market value accuracy and its reassurance by reviewing the reports. In this paper, the two opinions of researchers and practitioners meet and provide us with information that the two parts can use in the future. It also helps valuation reports users to distinguish between a correct or distorted value. Users can have more confidence in reports and professionals due to their knowledge of theory and practice.*

Key words: *inaccurate valuation; price; property valuation; practitioner; valuation report*

JEL Classification: *R30; R31; L85*

* Corresponding author. *E-mail address:* helga.tothazan@econ.ubbcluj.ro.

References:

1. Abidoye, R.B., Junge M., Lam T.Y.M., Oyedokun T.B. and Tipping M.L., 2019. Property valuation methods in practice: evidence from Australia, *Property Management*, 37(5), pp.701-718. <https://doi.org/10.1108/PM-04-2019-0018>.
2. Abidoye, R.B. and Chan, A.P.C., 2018. Improving property valuation accuracy: A comparison of hedonic pricing model and artificial neural network. *Pacific Rim Property Research Journal*, 24, pp.71-83. <https://doi.org/10.1080/14445921.2018.1436306>.
3. ANEVAR, 2017. *Standardele de evaluare a bunurilor*. București: ANEVAR.
4. ANEVAR, 2020. *Standardele de evaluare a bunurilor*. [online] Available at: <http://site2.anevar.ro/sites/default/files/page-files/standarde_2020_dupa_cn_27_iulie_final_31.07.2020.pdf> [Accessed 11 March 2022].
5. Appraisal Institute, 2004. *Evaluarea proprietății imobiliare*, ediția a 2-a Canadiană. București: ANEVAR.
6. Ayedun, C.A., Ogunba, O.A. and Oloyede, S.A., 2011. Empirical verification of the accuracy of valuation estimates emanating from Nigeria valuers: A case study of Lagos Metropolis. *International Journal of Marketing Studies*, 3(4), pp. 117-129. <https://doi.org/10.5539/ijms.v3n4p117>.
7. Bogin, A.N. and Shui, J., 2019. Appraisal accuracy and automated valuation models in rural areas. *The Journal of Real Estate Finance and Economics*, 6, pp.40-52. <https://doi.org/10.1007/s11146-019-09712-0>.
8. Calhoun, A.C., 2001. *Property valuation methods and data in the United States*. *Housing finance international*, 16(2), pp. 12-23.
9. Colwell, P.F. and Munneke, H.J., 2006. Bargaining strength and property class in office markets. *The Journal of Real Estate Finance and Economics*, 33, pp.197-213. <https://doi.org/10.1007/s11146-006-9982-6>.
10. Harding, J.P., Rosenthal, S.R. and Sirmans, C.F., 2003. Estimating bargaining power in the market for existing homes. *Review of Economics and Statistics*, 85, pp.178-188. <https://doi.org/10.1162/003465303762687794>.

11. Hu, L., He, S., Han, Z., Xiao, H., Su, S., Weng, M. and Cai, Z., 2018. Monitoring housing rental prices based on social media: an integrated approach of machine-learning algorithms and hedonic modeling to inform equitable housing policies. *Land use policy*, 82, pp.657-673. <https://doi.org/10.1016/j.landusepol.2018.12.030>.
12. Isakson, H.R., 1998. The review of real estate appraisals using multiple regression analysis. *Journal of real estate research*, 15(1/2), pp. 177-190. <https://doi.org/10.1080/10835547.1998.12090922>.
13. Lenk, M.M., Worzala, M.E. and Silva, A., 1997. High-tech valuation: should artificial neural network bypass the human valuer? *Journal of Property valuation Investment*, 15(1), pp. 8-26. <https://doi.org/10.1108/14635789710163775>.
14. Mathieson, K., and Dayer, J., 1993. Improving the effectiveness and efficiency of appraisal reviews: An information systems approach. *Appraisal Journal*, 61(3), pp.57-63.
15. McCluskey, W.M., Davis, P., Haran, M., McCord, M. and McIlhatton, D., 2012. The potential of artificial neural networks in mass appraisal: the case revisited. *Journal and financial management of property and construction*, 17(3), pp.274-292. <https://doi.org/10.1108/1366431211274371>.
16. Miceli, T., 1989. The optimal duration of real estate listing contacts. *Journal of the American Real Estate and Urban Economics Association*, 17(3), pp.267-277. <https://doi.org/10.1111/1540-6229.00491>.
17. Miller, N.G., 1978. Time on the market and selling price. *Journal of the American Real estate and Urban Economics Association*, 6(2), pp.164-174. <https://doi.org/10.1111/1540-6229.00174>.
18. Mourouzi-Sivitanidou, R. and Petros Sivitanide, 2021. *Market analysis for real estate*, 1st ed. Taylor & Francis.
19. Pagourtzi, E., Assimakopoulos, V., Hatzichristos, T. and French, N., 2003. Real appraisal: a review of valuation methods. *Journal of property investment & finance*, 21(4), pp.383-401. <https://doi.org/10.1108/14635780310483656>.
20. Samaha, A.S. and Kamakura, A.W., 2008. Assessing the market value of real estate property with a geographically weighted stochastic frontier model. *Real estate economics*, 36(4), pp.717-751. <https://doi.org/10.1111/j.1540-6229.2008.00228.x>.

21. Șipoș, C. and Crivii, A., 2008. Modelul regresiei liniare pentru evaluarea proprietăților imobiliare. *Revista de evaluare*, 2(5), pp.48-75.
22. Tothăzan, H.F. and Deaconu, A., 2020. Neuronal Network Artificial model for real estate appraisal: logic, controversies, and utility for Romanian context. *Ovidius University Annals Economic Sciences Series*, XX(2), pp.1093-1100.
23. Vascu, A., 2015. *Despre evaluare și verificarea evaluării*. București: Ed. Hamangiu.
24. Wilkowski, W. and Budzyński, T., 2006. Application of Neural Networks for Real Estate Valuation. *TS86 – Valuations Methods*, XXIII FIG Congress, Munich, Germany, 8-13 October 2006.
25. Worzala, E.M., Lenk, M.M. and Silva, A., 1995. An explanation of neural networks and its application to real estate valuation. *Journal of Real Estate Research*, 10(2), pp.185-202. <https://doi.org/10.1080/10835547.1995.12090782>.