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Valuation of trees for amenity and related non-timber uses

1st edition, guidance note



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The valuation of trees for amenity and related non-timber uses

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RICS guidance notes

This is an RICS guidance note. It provides advice to members of RICS on aspects of the profession. Where procedures are recommended for specific professional tasks, these are intended to embody 'best practice', that is, procedures which in the opinion of RICS meet a high standard of professional competence.

Members are not required to follow the advice and recommendations contained in this guidance note. They should, however, note the following points.

When an allegation of professional negligence is made against a surveyor, the court is likely to take account of the contents of any relevant guidance notes published by RICS in deciding whether or not the surveyor has acted with reasonable competence.

In the opinion of RICS, a member conforming to the practices recommended in this guidance note should have at least a partial defence to an allegation of negligence by virtue of having followed those practices. However, members have the responsibility of deciding when it is appropriate to follow the guidance. If it is followed in an inappropriate case, the member will not be exonerated merely because the recommendations were found in an RICS guidance note.

On the other hand, it does not follow that a member will be adjudged negligent if he or she has not followed the practices recommended in this guidance note. It is for each individual chartered surveyor to decide on the appropriate procedure to follow in any professional task. However, where members depart from the good practice recommended in this guidance note, they should do so only for good reason. In the event of litigation, the court may require them to explain why they decided not to adopt the recommended practice.

In addition, guidance notes are relevant to professional competence in that each surveyor should be up to date and should have informed him or herself of guidance notes within a reasonable time of their promulgation.

1 Scope

- 1.1 The aim of this guidance note is to assist the valuer in addressing some of the more complex issues which might arise when dealing with the presence of significant trees or groups of trees – either as part of a property or as separate entities.
- 1.2 This guidance note has application only in the United Kingdom.
- 1.3 Terms that appear in *italic* font are ‘defined terms’ in the RICS *Red Book*.

2 Introduction

- 2.1 The valuer may need to reflect the presence and impact of trees in valuations of real property required for almost any purpose, and from time to time may also be called upon to place an opinion of value or worth on one or more trees as an identifiably separate asset. A number of methods have been developed, principally by arboriculturists and landscape appraisers for application in specific circumstances, and this guidance note discusses their relationship to generally accepted standards for the valuation of real property.
- 2.2 The guidance does not cover the assessment of the timber value of trees – either in standing or felled form, raw or processed – as this topic is considered to be adequately covered in a number of existing publications and is an area well understood by chartered surveyors who practise in forestry. It may sometimes be difficult to distinguish a valuation of trees for their timber from their valuation for amenity and other non-timber uses, and in practice the two types of valuation may need to be considered alongside each other. For example, a small block of potentially valuable timber on a rural estate may be a wood that adds considerably to the amenity and sporting value of the estate, while having considerable value as timber in its own right. In a case like this a number of approaches may need to be considered in building up a soundly-based valuation. Particular care may be needed to avoid ‘double-counting’ the value of the trees, for example, by regarding them as a valuable timber asset and an important amenity asset if the one use could only be exploited at the expense of the other. It will be for the valuer to choose which is the most appropriate approach, or combination, in the light of the physical circumstances, economic conditions and the purpose for which the valuation is required.
- 2.3 The guidance is not, however, limited in its application to individual trees. The principal value associated with small groups of trees in urban or rural settings will often derive from their landscape and amenity value, and in more open and rural areas this principle might extend to large groups of trees. It is not, therefore, appropriate to place a ceiling on the number or area of trees to which this note applies. This will again be a matter for the valuer to judge in the physical circumstances and economic conditions of the instruction, and with regard to the purpose for which the valuation or appraisal is required.
- 2.4 This guidance note has been prepared with regard to valuation practice in the United Kingdom. It is acknowledged that there is a wider worldwide interest in the valuation of trees, and the information may therefore be of some interest to valuers practising in other countries. Practice varies from one legal jurisdiction

to another, not least due to the different approaches that have been developed in order to assess compensation for damage to trees. Further consideration of this aspect is outside the scope of this guidance note.

3 Background and preliminaries

- 3.1 The valuation of trees should not be divorced from the economic principles that underpin the valuation of real property in general. All valuation methods currently in use can be identified as either comparative market based, income based or replacement-cost based. The valuation of trees is no different, but the legal and natural characteristics of trees pose particular challenges in applying or adapting existing approaches. There is also considerable interest in the wider societal benefits of trees, and some approaches seek to reflect this. In this regard the assessment of trees comes closer to forms of economic assessment like cost-benefit analysis and contingent valuation, but in considering such approaches the valuer should be particularly cautious. While a contingent valuation for example, may try to place a price on the value of trees to the inhabitants of an area this is unlikely to be a price that could be achieved in a market sale between a vendor and purchaser. Such approaches are unlikely to be helpful therefore, in arriving at a market valuation of property that includes trees.
- 3.2 Many valuers will regularly and routinely be valuing property, that may include one or more trees for a variety of purposes, including sale, purchase, and security where the main concern will be the relationship between trees on the property or nearby, and the soundness of the principal structures. However, it should be recognised that when specific advice is sought on tree valuations, or professional advice is required on the impact of one or more trees in a valuation, PS 1.5 requires the valuer to have the necessary knowledge and skills. Any valuer considering the appropriateness of their knowledge and skills might reflect on their knowledge of tree species, in terms of habitat preferences, growth characteristics (above and below ground), timber characteristics, longevity, structural integrity and landscape character. In addition to these points, it may be necessary to measure one or more trees using industry standard methods. The valuer will therefore need the necessary expertise and equipment to do this.
- 3.3 Following from this, the *terms of engagement* may also need to set out particular requirements and information pertaining to the treatment of trees within a valuation. This may not be an issue in a routine valuation of residential property for security purposes for example, where standard terms of engagement will suffice, but where the client particularly seeks a professional opinion on the valuation of one or more trees within an instruction, then the scope of the commission will need to be made clear. This would include:
- the identification of the trees concerned;
 - the purpose of the valuation;
 - any information which is to be made available to the valuer;
 - specific research which the valuer may need to undertake; and
 - assumptions (including special assumptions) which might be applicable to the case in hand.

- 3.4 The minimum requirements for *terms of engagement* are more specifically covered in PS 2.1 (including *assumptions* for the purpose of a valuation), and PS 2.2 deals with *special assumptions*.

4 Valuation basis

- 4.1 The choice of an appropriate *basis of value* is as important for a valuation of trees as for any other asset. For most reported valuations, the preferred basis is *Market Value*, which is defined as:

‘The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.’

(See PS 3.2 for the full definition and commentary.)

- 4.2 This basis lays great emphasis on the price that would be agreed between a willing buyer and a willing seller at the agreed valuation date. It therefore requires the valuer to have in contemplation a transactional market, in which real buyers and sellers will be seeking to agree prices at which an exchange of assets for cash will be acceptable to both parties. Some appraisal methods which have been developed for use with trees start on a very different basis, in that they are trying to identify the worth of the asset to a wider group collectively, rather than to an identifiable individual or corporate purchaser. Valuers may therefore need to exercise caution in choosing an appropriate method to arrive at an opinion of *Market Value*.
- 4.3 The alternative bases of valuation under PS 3 are *worth* (or *investment value*), and *fair value*. *Fair value* is only applicable in limited circumstances, but shares the same reservation for the valuation of trees as market value. It requires the valuer to envisage a real transaction between a particular seller and purchaser, at which the asset would exchange for cash.
- 4.4 *Worth*, or *investment value*, is, however, differently framed. PS 3 acknowledges that an assessment of worth may result in a different price than a market valuation (but equally may arrive at the same price). This is because ‘Worth’ is defined by IVSC as:
- ‘The value of property to a particular owner, investor, or class of investors for identified investment or operational objectives.’ (PS 3.4).
- 4.5 Nevertheless, this definition still requires the valuer to consider a particular owner, investor or class of investors. The key to a valuation on this basis is the need to ascertain the identified investment or operational objectives that underpin the *basis of valuation*.
- 4.6 In addition, the valuer practising in the UK may also use Existing Use Value (EUV) in reporting valuations for financial statements under UKGAAP (see UKPS 1.1 and 1.3).

5 Establishing the facts

- 5.1 It will be for the valuer to determine the facts. Where the asset includes trees, the extent to which they will need to feature extensively in the valuation will vary from one valuation to another. A few modest feature trees in a large garden may need little more than an acknowledgement of their presence, whereas other valuations may need extensive factual considerations to be reported. The following notes, therefore, outline some of the factual background which the valuer may need to consider in more extensive cases.
- 5.2 The physical extent and description of the asset to be valued will always be a matter for consideration. In particular, where the main focus of a valuation is upon the trees themselves, it will be necessary to determine a suitable site boundary. In many cases this will coincide with a physical boundary that will be obvious from inspection and ownership plans. There may, however, be some cases where it is necessary to define a boundary for the purpose of the valuation, in order to ascertain for example a separate valuation on a particular tree or group of trees. This will be a matter for discussion with the client, and the valuer's instructions and report will need to convey accurately the conclusions reached. A detailed site plan and schedule of trees may also be required.
- 5.3 The legal interest in the land and trees will also be important, bearing in mind that trees themselves will legally be part of the land for this purpose. The agreed terms of engagement should make clear the assumed legal interest. Like any plant, a tree is generally to be regarded as a part of the land on which it stands. Careful interpretation may however be required where more than one interest co-exists in the land itself, particularly regarding responsibility for trees, or where a tree stands on a boundary line. Adjoining owners of a tree that is bisected by the boundary line may be tenants in common of the tree, with responsibilities to each other under the ancient doctrine of waste.
- 5.4 Trees may be subject to a range of designations. Tree Preservation Orders (*Town and Country Planning Act 1990*) are the most obvious designation that would affect the ability of the owner of a tree to manage it, requiring local authority prior approval for most work that might be proposed on a tree. Conservation Area, Listed Building status, Green Belt, Scheduled Ancient Monuments, SSSI and other designations may also have a bearing on the use and management of trees which the valuer may need to report and reflect in the valuation. Other restrictions or factors that may need to be considered can include:
- Forestry Dedication Covenants and Agreements under the *Forestry Act 1967*;
 - Heritage management agreements made in connection with Heritage Property Relief from Inheritance Tax;
 - Restrictive covenants; and
 - Countryside Stewardship and other environmental schemes or agreements.
- 5.5 Trees may also be protected by association with another feature, for example, a bat roost or a nearby Listed Building. Some designations are of limited legal effect, but nevertheless the valuer will normally wish to be aware of their

presence. Ancient Woodland designation would fall within this category for example, unless it has triggered SSSI or other designation.

- 5.6 Current and proposed uses may also be important. In particular, trees on development sites may be subject to conditions regarding their preservation and protection which might, on the one hand, limit the layout of new development but on the other, enhance the value of a new development by their landscape benefits. It may be useful to refer to BS 5837:2005: *Trees in relation to construction – recommendations*, where trees may need to be considered within the development control framework. The BSI Standard may also be helpful in arriving at a view of the appropriate area to include with a tree or group of trees where they have to be considered as a separate physical asset within a larger holding.
- 5.7 Careful note may need to be made of tree species, location, age, condition, life expectancy and service life, soil conditions, and the current and future ‘contribution’ of trees to the particular site. Evidence of work recently undertaken may also be usefully recorded, as well as evidence of safety inspections or other management activity if it is available.
- 5.8 Any evidence of threats or stress to trees that is available should be considered. This might be evident from the condition of the tree itself (for example, Bleeding Canker (*Pseudomonas syringae pv aesculi*) in Horse Chestnuts (*Aesculus hippocastanum*) and other pronounced die-back in other species), or from recent events nearby, e.g. excavations or other disturbance in the vicinity of the tree. The valuer will also need to consider the extent to which any evidence of disease or stress is relevant to the final valuation.
- 5.9 Equally the extent to which a tree itself may give cause to liabilities should also be considered. There may be evidence of interference with nearby structures, or the mere proximity of buildings may suggest such a risk in the future. Underground services and drains, and overhead wirework, should also be considered in this regard. Trees adjacent to highways and other populated or much-visited places, such as archaeological remains, may also need special consideration.
- 5.10 Finally, the valuer may need to clarify assumptions with the client, and agree any special assumptions that may be required for the purpose of the valuation. Where development sites are concerned, useful reference might also be made to VIP 12, *Valuation of development land*. The information may be reported in summary form, or in detailed scheduler form, depending on the requirements of the valuation and the agreed terms with the client.

6 Valuation methods

- 6.1 The valuation of trees may call upon a number of different valuation methods. In particular some approaches place considerable reliance on the consideration of *depreciated replacement cost* (DRC). Income methods using discounted cash flow approaches have also been used in the appraisal of forestry investments, and transactional evidence will be of considerable use where it is available. It will be important to recognise the distinction to be drawn between a basis of value and a method of valuation. The glossary to the *Red Book* describes a method of valuation as: ‘A procedure or technique used to arrive at the value

described by a *basis of value*, whereas a *basis of value* is defined as ‘A statement of the fundamental measurement principles of a *valuation* on specified date.’

- 6.2 Various methods have been advocated for the valuation of trees, and it will be important to consider the extent to which an existing or novel method is capable of producing a valuation that is consistent with a required basis of valuation. For example, some methods cannot produce a negative value or may be capped at a certain price. While these methods may shed some light on the determination of value, caution in their application will nevertheless be necessary where such limitations are in place.
- 6.3 One of the difficulties confronting the valuer is the lack of comparable transactional evidence which enables a separate element of value to be assigned to trees. Most valuers would recognise that the presence of trees can have a bearing on the final valuation of a site, in many cases positive but sometimes negative, but market evidence does not generally lend itself to too fine an analysis in quantifying that impact. The valuer must therefore fall back on his or her own subjective judgment.
- 6.4 Against this background a number of alternative approaches have been advocated for the valuation of trees, and this paper reviews three that are currently in active use in the UK. The paper does not set out to provide a comprehensive manual for the application of each approach, as this is documented elsewhere. It does, however, seek to place them in the context of the *Red Book* and UK valuation practice. Other approaches have also been adopted elsewhere in the world, for example STEM (Standard Tree Evaluation Method) in New Zealand.
- 6.5 **Helliwell system 2008**
- 6.5.1 The Helliwell System was first advocated by Rodney Helliwell in 1967 and is endorsed by the Tree Council and the Arboricultural Association. Details of the method are set out in Arboricultural Association Guidance Note 4: *Visual Amenity valuation of trees and woodlands (the Helliwell System)* (2008).
- 6.5.3 The essence of the method is to award points for six different aspects:
- size (up to eight points);
 - duration (maximum 4 points);
 - importance (maximum 4 points);
 - tree cover (maximum 4 points);
 - suitability to setting (maximum 4 points); and
 - form (maximum 2 points).
- 6.5.3 The points awarded are multiplied, allowing a maximum overall score of 4,096 points. An annual base value is determined, £25 in June 2008 for a single tree and £100 for a woodland unit. Thus a single tree can be worth at most £102,400 using this method, and in practice values will normally be much less. The method can arrive at a value of zero, but it can never result in a negative value.
- 6.5.4 The method is also solely concerned with the visual amenity valuation of trees. There may be other aspects that give value which the method does not cover.

The Helliwell method has been used as the basis for compensation claims where trees have been lost or damaged, although in one reported case the member of the Lands Tribunal did not find the method of great help and was concerned that the addition of a Helliwell value on the trees on the site concerned introduced an element of double-counting. This was because the land value already included in the claim on the basis of comparable evidence would include the presence of trees in the subject property and the comparables (*Lindsay and Lindsay v Highways Agency*, Lands Tribunal reference ACQ/110/1998, 12 and 13 July 2000). This underlines the importance of correct identification and categorisation of the asset(s) under consideration, and the importance of handling and analysing transactional evidence (comparables) carefully.

6.6 Council of tree and landscape appraisers (CTLA)

6.6.1 The Council of Tree and Landscape Appraisers has developed a suite of assessment methods, aimed at the determination of asset values and amenity values of trees. Of the methods reviewed here, it is the most sophisticated in the extent to which it takes account of other published research and guidance, and it has a long pedigree in America. International guidance is available as CTLA 2000, *Guide for Plant Appraisal* (9th edition). A tenth edition is understood to be in preparation. Draft guidance issued in 2007 seeks to adapt the method to conditions in the UK and Ireland (*Depreciated Replacement Cost in Amenity Tree Valuation*, Provisional Guidance Note, (Adam Hollis, 2007)).

6.6.2 The draft UK guidance uses a DRC approach, reflecting CTLA's 'Trunk Formula Method' An 'installed cost' is established, based on the cost per square centimetre of a young tree, multiplied for the cross-sectional area of the tree under consideration. The resulting figure is then depreciated for environmental adaptability, growth characteristics (an average of scores for size, longevity and maintenance), and pest and disease susceptibility. A condition factor is then applied, based on life expectancy and finally a location factor is introduced (based on a combination of site rating, frequency, dominance and placement).

6.6.3 CTLA methods have the ability to produce higher values than Helliwell, taking as their starting point the replacement cost of a full size tree and then depreciating for the various factors mentioned. Like Helliwell, they can also produce a value of zero. Thus a large diameter tree may achieve a very high value if it is well-placed, in sound condition and with a good life expectancy. Although CTLA Methods do not seek to isolate different components of the value of a tree (amenity, visual, landscape, social, architectural, etc) they do nevertheless claim to reflect these elements because they are using replacement cost as their starting point.

6.6.4 Again, however, it would not be possible to arrive at a negative value using the CTLA methods unless other liabilities are separately assessed and deducted, and for any given diameter of tree the value is effectively capped by the method.

6.7 Capital asset value for amenity trees (CAVAT)

6.7.1 CAVAT is the newest method considered here. It has been developed by the London Tree Officers Association (*Capital Asset Value for Amenity Trees Full Method: User's Guide* (Christopher Neilan, May 2008)).

- 6.7.2** The published guidance emphasises that the method can ‘only be used by arboriculturists who have received relevant training, and who have appropriate skills and experience’ (p. 2).
- 6.7.3** CAVAT has been ‘specifically designed as an asset management tool for trees that are publicly owned, or of public importance’ and the guidance itself warns that ‘Assessors must also be aware that CAVAT does not discount the value of trees generally to account for indirect problems that they may cause, such as the potential to cause structural damage, nor additional costs of management to resolve any such problems. This is because it is designed to give a cost/benefit analysis, and to allow for these costs within the method would lead to a form of double accounting’ (p. 3).
- 6.7.4** There are five steps in the full method, which starts with a basic value for the tree(s) which is a product of its size. Factors are then applied for:
- Community Tree Index, based on population density and relative accessibility;
 - functionality, based on crown size and condition;
 - amenity and appropriateness, based on townscape and visual importance, local designations and veteran status; and
 - Safe Useful Life Expectancy.
- 6.7.5** CAVAT is likely to lead to higher values than the two other methods reviewed here and has been criticised by some commentators for not reflecting ‘depreciation’ adequately.

6.8 Comparison of the three methods

- 6.8.1** All three methods start with a standard ‘unit’ and make adjustments to this drawing on a range of weighted (or multiplication) factors. For CAVAT and one of the CTLA methods, the unit is a price, whereas for Helliwell the assessment units are only converted into a price at the end of the process. A consequence of this is that any of the methods can arrive at a nil value for a tree or group of trees, but they cannot arrive at a negative value unless further adjustments are made. This point alone means that the valuer of an interest in land or property must be cautious in using or adapting any of these methods to a situation where a particular property may be more valuable without trees than with, in particular where trees may be a source of physical and financial liability to neighbouring owners.
- 6.8.2** All three methods are also intrinsically capped, in the case of Helliwell by the limit on the factors to be used on a standard unit cost. The other two methods are more open-ended in that there is scope to adjust the initial standard unit cost.
- 6.8.3** Despite the existence of a cap on all three methods, they nevertheless can arrive at substantially differing figures. For example a very prominent London Plane tree valued at £750,000 using CAVAT would achieve £100,000 with Helliwell and a figure in the region of £200,000 with CTLA at 2008 figures.
- 6.8.4** None of the methods advocated for UK conditions deals directly with the value of the land itself (although CTLA’s guidance does offer a technique to relate tree values to overall property values where there is called for by the terms of

reference), leading to the danger of double-counting recognised in the *Lindsay and Lindsay* case (para. 6.5.4 above). Given that the methods have been prepared on a very different (non-market) basis than a comparable-based valuation of land, there would also be considerable danger in using the methods to discount tree values from evidence of transactions to allow a more detailed comparison and analysis of market evidence. Indeed the three methods do not set out a *basis of valuation* in terms that are easily reconciled with those of the *Red Book*.

- 6.8.5** Taken together these points again underline the need for caution on the part of the property valuer in applying these methods to the valuation of real property. This is not to say that they have no application, just that great care is likely to be needed in recognising that each method has been formulated for a particular application and on a particular methodological basis.
- 6.8.6** It can be seen that the methods of tree valuation compared here contain elements of a DRC approach. The guidance on DRC has been framed in the context of the valuation of business assets, and may need some adaptation for those trees which would not be categorised as business assets. The prospective purchaser using a DRC approach can normally be assumed to be one who wishes to put the asset to immediate use. It may be questioned whether this assumption really transfers well to a living organism like a tree. For example, an owner faced with the sudden loss of a prized group of three specimen trees may well accept that all he can do is to replant saplings and wait for them to grow. The owner's enjoyment is diminished but it is likely that the saplings will grow into fine replacements in due course. In any case the specimen trees would have deteriorated to the point of replacement (although this is also true of physical assets subject to DRC approaches). It may well be that a truer interpretation of the owner's response in this situation is that his or her pleasure at the presence of the trees has been deferred for the period it would take to grow their replacements. In this respect, the owner is perhaps in a different position from the purchaser with an imperative need to put an asset to immediate productive use.
- 6.8.7** Situations in which the above approaches may be useful could include the assessment of worth to an investor, where the fundamentals of the approach would form part of the agreed instructions with the client. Claims for compensation have also clearly had useful regard to one or more of the methods outlined here, particularly Helliwell and CTLA. These might arise in the context of damages claims, and for compensation on compulsory purchase. In particular, there may be cases where direct comparable evidence does not support the application of a figure to a fine specimen tree or group of trees. However, the valuer in these cases will need to exercise caution over the basis of claim, balancing the loss to the claimant against the responsibility to mitigate losses and restriction to market value which will sometimes apply. For example, mitigation of loss might envisage a scenario in which mature trees are replaced by saplings or whips, and the owner forgoes the enjoyment of the specimen trees while the saplings grow to their full potential.

7 Arriving at a view

7.1 Finally it will be for the valuer to arrive at a professional opinion of the valuation to be reported to the client. This will involve considering the evidence from all sources carefully. In particular, the weight to be given to each factor must be decided. The valuer should also ‘stand back’ from the figures to assess their ‘reasonableness’. Some guidance on how to perform this final assessment might be drawn from the Court of Appeal case of *Bryant v Macklin* [2005] EWCA Civ 762. Chadwick L.J. quoted Russell L.J. in *Farmer Giles Ltd v Wessex Water Authority and another* [1990] 1 EGLR 177:

‘The award, particularly when contrasted with the cost of full reinstatement, in my judgment, also passes the test of reasonableness. I add that test of reasonableness because the authorities to which we have been referred indicate that reasonableness always has to be taken into account. The judge must stand back, when he has done his arithmetic, and ask himself whether the figure achieved by his findings is fair both to the plaintiff and to the defendants.’

7.2 *Bryant v Macklin* was concerned with the proper assessment of damages for the wilful destruction of a row of trees by a neighbour. The cost of replacement with full-sized trees would have been in the region of £190,000, whereas replacement with young whips would be approximately £44,500. The diminution in market value of the subject property due to the loss of amenity from the trees was found to be £25,000 or less in the lower court (approximately 5% of the ‘before’ valuation of £525,000). The replacement cost of £44,500 was regarded as the proper basis for that part of the award by Chadwick L.J., for the following reasons:

‘That represents less than ten percent of the value of the property in question. In my view it is impossible to say that a reasonable person with ample funds at his disposal would not think it reasonable to lay out that sum in restoring an amenity to his home; provided, of course, that the expenditure would lead to a benefit worth having. Mr Gilbert thought it would; and the judge made no finding that it would not. It is important to keep in mind that Mr and Mrs Bryant want to continue living in their property. They do not want to sell up and move on. I find it difficult to accept that they would not think that the prospect of restoring trees to their boundaries – even if that would take some time – was not a benefit worth having. The alternative – to do nothing – would, I think, be rightly rejected as unacceptable.’

7.3 At the very least, these judicial comments seem to indicate that the test of reasonableness requires the valuer to ‘stand back’ and have regard to the value of trees in the context of the value of the property as a whole, as well as to the likely actions and motivations of real owners. This may be especially relevant where trees are being assessed for compensation purposes.

8 Reporting the valuation

- 8.1** The agreed terms of engagement will have set much of the structure for the final valuation report. Particular care may be needed in presenting the assumptions and special assumptions on which the valuation has been based. PS 6.1's requirement of a comment on the valuation approach adopted may be particularly important in these valuations.
- 8.2** Negative values must be reported where appropriate, in accordance with PS 6.8.
- 8.3** Where the purpose of the valuation is not one where a single figure valuation is required it is acceptable to agree with the client that a range of values be reported, with an explanation of the reasons for the range adopted.

9 Conclusion

- 9.1** There is no straightforward answer in most cases as to the effect that one or more trees will have on the overall price a property might fetch in a transaction – either negative or positive. Neither is the valuation of a tree as a separate entity straightforward beyond its pure timber value. Valuers faced with the need to address these issues may need to have recourse to a range of methods, the choice and application of which is ultimately a matter for the professional judgment and expertise of the valuer. The broad considerations outlined in this guidance should, however, help the valuer to frame that judgment and apply that expertise.

Valuation of trees for amenity and related non-timber uses

1st edition, guidance note

This guidance note is designed to assist the valuer in dealing with some of the more complex issues which might arise when dealing with the presence of significant trees (or groups of trees) – either as part of a property or as separate entities.

The valuer may need to reflect the presence and impact of trees in valuations of real property required for almost any purpose, and from time to time may also be called upon to place an opinion of value or worth on one or more trees as an identifiably separate asset. A number of methods have been developed, principally by arboriculturists and landscape appraisers, for application in specific circumstances. This guidance note discusses their relationship to generally accepted standards for the valuation of real property.

The following main topics are covered:

- Valuation basis
- Establishing the facts
- Valuation methods
- Arriving at a view
- Reporting the valuation.

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