



WHITEPAPER

The Guide to Property Valuation in Australia

WHEN IS IT CRITICAL TO ENGAGE WITH A
CERTIFIED & EXPERIENCED **VALUER**



A QUICK INTRODUCTION

We designed this "Guide to Property Valuation in Australia" as an introductory resource to the property valuation process through an individual's different life events. It highlights the need for certified valuers and not reliance on any non-independent sources.

The document focuses on crucial moments where property valuation matters, like family transfers, investment property conversions, and marriage breakdowns. It emphasizes fairness and equity through certified valuers. It also explores valuers' qualifications and certifications, emphasizing the importance of working with qualified professionals. One chapter examines real estate agents' appraisals and online property listing websites compared to a certified valuation service for establishing property values in residential purchases.

Lastly we enter a discussion on the general pricing structure for property valuation services in Australia, considering factors like property type, purpose, complexity, location, and valuer qualifications. It distinguishes commercial and residential valuations, highlighting complexities in commercial property assessments. Overall, this guide provides a comprehensive overview of property valuation in Australia, stressing the importance of expertise and independence.



The author Michael Pung is the director and a senior property valuer specialising in matters such as family law, litigation, compulsory acquisition, compensation, easement valuations and rental reviews. Asset classes he covers include residential, commercial, rural, industrial and special use properties.

CHAPTER 1: KEY MOMENTS IN LIFE REQUIRING PROPERTY VALUATION CONSIDERATION

As we embark on our journey through the Full Guide to Property Valuation in Australia, it is essential to recognize the key moments in life that necessitate careful consideration of property valuation. These pivotal events hold significant weight, both emotionally and financially, and it is crucial to have a certified property valuer by your side to ensure compliance and avoid potential issues or disputes.

One such moment arises during the transfer of titles between family members. Whether it be passing down a beloved family home from one generation to another or transferring ownership during estate planning, a certified valuation plays a critical role. The valuation provides an unbiased assessment of the property's worth, ensuring fairness and equity among family members. This step helps prevent conflicts that may arise due to disagreements over property values and protects everyone's interests. This could apply to a deceased estate or in determining fair value between family members. Additionally, a report can be used to submit to the relevant state's revenue's office to calculate any stamp duty payable. It is important that clients get a value that is not over what is market to ensure they don't pay any unnecessary stamp duty.

Another key event where property valuation holds utmost importance is during the conversion from a main home to an investment property or vice versa. Many individuals choose to venture into real estate as an investment opportunity, but fairly determining the value of their properties becomes essential for making informed decisions.

A certified valuer can provide expert advice on rental yields, potential growth areas, and market trends, helping homeowners make sound financial choices. Although a certified valuer can provide advice on rental yields and potential growth areas, it's actually not within a valuer's scope of works. A valuer's primary role is to provide a cost base to calculate any capital gain or loss on their property after selling it.

Unfortunately, not all aspects of life are filled with joyous occasions; sometimes relationships break down. In cases of marriage breakdowns or divorce involving a family home, obtaining a fair market valuation becomes paramount. The emotionally charged nature of these situations can lead to disputes over asset division. By engaging a certified valuer who specializes in family law matters, couples can ensure both parties receive equitable shares based on fair market valuations rather than emotional bias.

These are the types of life events that help crystallise the importance of working with independent, certified valuation professionals when navigating these significant life events. It is crucial for individuals seeking fair market property valuations to be aware of the pitfalls of relying on non-independent sources. One common source that individuals turn to for property values are real estate agents' appraisals. While they may seem convenient, it is important to remember that real estate agents have a vested interest in the sale of properties. Their appraisals may not always reflect an unbiased and fair market valuation. Similarly, online property price guides and estimates have become popular tools for individuals seeking property values. However, these estimators come with their limitations. Factors such as data quality, location specifics, market conditions, property condition, unique features, local regulations, and market trends can significantly impact the accuracy of online estimations. It is essential to recognize that these estimators are unable to provide a comprehensive evaluation like a certified valuer can.

We will touch on these non certified methods of obtaining valuations in a later chapter.

CHAPTER 2: QUALIFICATIONS AND CERTIFICATIONS OF PROPERTY VALUERS

In the vast world of property valuations, it is essential to work with professionals who possess the knowledge and expertise to provide fair market valuations and reliable assessments. In Australia, there are three main organizations that govern property valuers: The Australian Valuers Institute (AVI), The Australian Property Institute (API), and the Royal Institute of Chartered Surveyors (RICS). These esteemed organizations ensure that property valuers meet certain qualifications and adhere to professional standards.

One of the most recognized designations in the field is Certified Practicing Valuer (CPV). To achieve this distinction, valuers must demonstrate a high level of competency through a combination of education, experience, and examinations. They must hold a relevant degree or diploma in valuation, complete a minimum amount of practical experience under the guidance of a qualified supervisor, and pass comprehensive assessments.

Besides CPV, there are other certifications available for specialized areas within property valuation. For example, Residential Property Valuer (RPV) focuses specifically on residential properties. This certification equips valuers with specialized knowledge in assessing factors unique to residential properties such as market trends, neighborhood dynamics, and specific features that affect value.

Certified Practicing Valuer for Plant and Machinery is another valuable certification for those specializing in assessing plant equipment or machinery values. These experts possess deep knowledge about various types of equipment across different industries.

Working with certified property valuers holds immense importance for individuals seeking fair market valuation services. Not only do certified valuers possess the necessary qualifications to undertake specific types of valuation work effectively but they also have access to professional indemnity insurance. This insurance protects both clients and valuers against any potential errors or omissions during the valuation process.

It's worth noting that the cost of property valuation services can vary depending on various factors. The type of property, purpose or use of the valuation, location, complexity, and the valuer's experience and qualifications all play a role in determining the price. Commercial property valuations often require more in-depth analysis and data collection compared to residential properties due to their complexity.

When it comes to commercial properties, size/value, location specifics, and the purpose of valuation further impact costs. A larger or higher-value commercial property may require more time and effort to assess to a fair market value. Similarly, if a valuation is needed for legal purposes or financial reporting requirements, additional research and documentation may be necessary.

Working with certified property valuers is crucial for obtaining fair market assessments backed by professional qualifications and standards. Whether it's residential or commercial properties, these experts possess specialized knowledge tailored to specific areas within the field. By choosing certified valuers who are members of reputable organizations like AVI, API or RICS you can have peace of mind knowing that your valuation is reliable and trustworthy.



CHAPTER 3: SOURCES FOR ESTABLISHING VALUE IN RESIDENTIAL PROPERTY

As you embark on the exciting journey of purchasing a residential property, one of the most critical steps is comprehending its true value. In this chapter, we will explore the various sources that can aid you in determining the value of your dream home. From real estate agents' appraisals to online property listing websites, we will delve into the pros and cons of each source, ensuring that you are equipped with the knowledge necessary to make an informed decision.

Real estate agents play a significant role in facilitating property transactions and often provide appraisals to potential buyers. These appraisals are typically based on comparative sales reports generated by data providers like CoreLogic. These can give you a general idea of a property's value, however, it is essential to recognize that these appraisals may lack independence and detail.

When relying solely on real estate agents' appraisals, it is crucial to consider their motivations. Agents may have an interest in inflating the perceived value of a property as higher prices often lead to higher commissions. Therefore, while their insights can be valuable, it is prudent not to solely rely on them when making such an important financial decision.

In addition to real estate agents' appraisals, online property listing websites have become increasingly popular sources for establishing property values during a residential property hunt. These platforms allow potential buyers to access a plethora of listings and gather information about recent sales prices in particular areas.

However, it is important to approach these online estimations with caution as they are based on algorithms and data inputs rather than professional expertise or direct inspection of the property itself. Factors such as market trends, unique features of a home or location specifics may not be adequately accounted for in these estimations.

Furthermore, online estimators rely heavily on comparable sales data availability which might not accurately reflect the true value of a property. The availability and accuracy of such data can vary significantly depending on the area and market conditions. Therefore, while online estimators can provide a rough estimate, they should not be solely relied upon.

So, how can you ensure a fair and fair market valuation during your residential purchase?

The answer lies in obtaining a full property valuation conducted by a certified property valuer. While real estate agents' appraisals and online estimations have their merits, they cannot replace the expertise and independence that comes with a professional valuation.

A full property valuation takes into account not only the physical attributes of the property but also factors such as market conditions, local regulations, comparable sales data, and purpose of valuation. It provides an unbiased assessment based on thorough research and analysis conducted by an experienced valuer.

One particular situation where obtaining a full valuation is crucial is during the Family Law/Mediation process. In these cases, fair market valuation is essential to ensure equitable distribution of assets between parties involved in divorce or separation proceedings. A certified property valuer's expertise becomes invaluable as they provide an objective assessment that holds weight in legal proceedings.

While real estate agents' appraisals and online estimations can give you some insight into a residential property's value, it is always recommended to obtain a full property valuation from a certified valuer for accurate and unbiased information. By prioritising professionalism over convenience when establishing property values during your purchase journey, you are ensuring that your investment decisions are grounded in reliable advice.

THERE ARE 3 CRITICAL FACTORS WHEN
ASSESSING THE SUITABILITY OF A
VALUATION SERVICE

QUALIFICATIONS

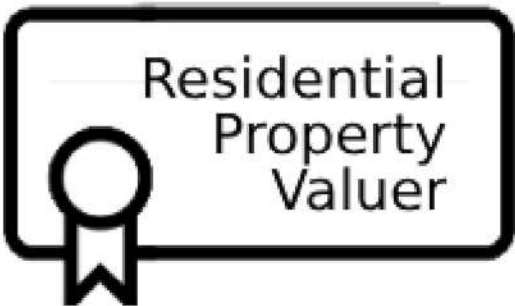
EXPERIENCE

COMMUNICATION



Our Certifications

API THE AUSTRALIAN
PROPERTY
INSTITUTE



API THE AUSTRALIAN
PROPERTY
INSTITUTE



AVI Australian
Valuers Institute.



Our Awards



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CHAPTER 4: PRICING STRUCTURE FOR PROPERTY VALUATION SERVICES

In the intricate world of property valuations, understanding the pricing structure is essential to ensure that you receive reliable and fair market valuations. The cost of property valuation services can vary significantly, influenced by several variables that we will explore in this chapter.

When it comes to determining the price for a property valuation, numerous factors come into play. Firstly, the type of property being valued is crucial. Commercial properties often require more complex valuations due to their unique nature and potential income-generating capabilities. On the other hand, residential properties may be simpler to assess but still demand careful analysis of market conditions and comparable sales data.

The purpose or use of the valuation also affects its cost. Valuations conducted for mortgage purposes or compulsory acquisitions/compensation matters tend to involve more detailed analysis and documentation than those performed for internal decision-making purposes. The complexity of a valuation assignment impacts its price as well. Properties with intricate characteristics or those located in areas with specific zoning requirements may require additional research and expertise from the valuer.

Experience and qualifications play a significant role in determining the cost of a property valuation service. Seasoned valuers who have spent years honing their skills and building their reputation may command higher fees compared to less experienced professionals. Their expertise allows them to provide more fair market assessments while considering various market factors that could influence property value.

Now let's delve deeper into how pricing differs between commercial and residential property valuations. Commercial valuations often entail more complexities due to factors such as lease agreements, tenant profiles, zoning regulations, and potential income streams generated by the property itself. These additional considerations require extensive data collection, analysis, and interpretation on behalf of the valuer.

On top of these complexities, commercial properties are typically larger in scale compared to residential properties which can significantly impact pricing structures due to increased time requirements for inspection and research involved in assessing larger assets.

Location is another critical determinant when it comes to pricing commercial property valuations. Properties in prime city locations or areas with high market demand may require more in-depth analysis and research, as their values are often influenced by unique local factors. Furthermore, the purpose of the valuation can also impact the cost for a commercial property. Valuations conducted for rental assessments, insurance purposes, or compulsory acquisition proceedings may require additional expertise and documentation.

While residential property valuations are generally less complex than their commercial counterparts, they still involve careful consideration of various factors. The size and value of a residential property can influence the cost of its valuation since larger properties require more time for inspection and analysis.

When it comes to determining residential property values, real estate agents' appraisals using CoreLogic comparative sales reports and popular real estate websites like realestate.com.au and domain.com.au are common sources. However, it's important to note that these sources provide appraisal or price guide estimates rather than comprehensive valuations.

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NOTE: Properties in tightly held locations such as a number of suburbs in the Eastern Suburbs can also increase the fees as sales data can be quite limited and the properties can vary significantly including it's vicinity to amenities, outlooks, waterfronts, build, improvements and so forth.

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A full property valuation conducted by a certified valuer is essential in scenarios such as family law proceedings or mediation processes where fair market valuation is required. These full valuations offer independence, detail, and fairness not found in appraisals or price guides.

Understanding the pricing structure for property valuation services is crucial when seeking fair market assessments of your assets. The type of property being valued, its purpose/use in the market, location specifics, complexity involved in assessing it, as well as the experience and qualifications of the valuer all contribute to determining the cost. By comprehending these variables and opting for certified professionals who provide full valuations when necessary, you can ensure that you receive reliable information to make informed decisions regarding your valuable properties.



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experienced team for a
complimentary 15-min consult to
work out your true valuation needs.

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INDEPENDENT AND OUR SERVICE
IS COMMITMENT TO A RAPID
TURN AROUND TIME.**