



# VALUING Your Valuer

Helping your valuer help you  
grow your property portfolio

## Valuing your Valuer: helping your valuer help you grow your portfolio

### ABOUT JAMES

James has been a registered and qualified Valuer since 2002 and has spent the past 10 years valuing residential and commercial property, buying residential property for property investors and personally investing and renovating properties as part of his own property portfolio. Since 2007 he has worked as a buyer's advocate and has acquired more than \$65 million of property on behalf of private clients in the Brisbane area and, on behalf of the Queensland Government, managed the negotiations of over \$400 million of residential land and construction projects. James specialises in feasibility, due diligence and acquisition of residential and commercial property throughout Queensland.

### ABOUT PROPELL

Propell has 21 offices through Australia (in all capital cities and some regional locations), providing valuation services to over 85% of the postcodes in Australia.

This e-book will provide you with an understanding of how a Valuer values; what they look for and what you can do, to ensure that you achieve the maximum valuation figure.



James Freudigmann CPV AAPI  
National Manager  
Propell National Buyers Advocates



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# The role a Valuer plays in building your property portfolio

You often hear people say that the tenant, property manager or bank manager are the most important person in building your property portfolio, however in reality; it is the Valuer who prepares a valuation report based on his opinion of the current market value of the property. This report is then presented to the bank manager to assist them in deciding whether the bank will lend you money.

On this basis, it is important to know that you are presenting your property in the best possible light for the Valuer, ensuring you achieve the highest valuation figure. Now we're not talking bribing or anything untoward, however there are ways that you can present your property to assist a Valuer in developing a valuation figure that is favourable to the growth of your property portfolio.

In this e-book we are going to show you – from a Valuer's perspective – what you can do to get the maximum value on your house and hold onto a bigger slice of the pie. In addition, we are going to explore a few other topics to get a Valuers "take" on what will work for you to maximise your portfolio.



We'll also look at how a Valuer analyses sales, what he/she looks for in a property and whether Valuers value differently for banks as opposed to a valuation you order personally.

## What does a Valuer look for?

Before we get into details of how a Valuer determines his opinion of current market value etc, it is important to understand what the Valuer considers when assessing the current market value of a residential property. Outlined below are a number of items that Valuers consider and a number of things that a Valuer does when assessing your property:

- Measure the improvements to determine the gross floor areas
- Detail the accommodation style and related fittings
- Make note of all major ancillary features
- Consider significant specific site characteristics
- Record the services and available utilities to the property
- Note the proximity to facilities within the local area
- Comment on any matters that could detrimentally affect the sale of the property
- Analyse and provide comparable market sales data
- Comment on sale properties in comparison to your property
- Comment on overall market trends and economic indicators



All of these items combined assist the Valuer in determining the market value of your property. They assist the Valuer in determining the rate per square metre for construction costs of your improvements, the



replacement insurance value of the property, marketability of the property, understanding the benefits of the property and also, understanding the negatives and limiting factors of the property.

## Individuals vs lenders: does the Valuer value differently?

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“Contrary to perception, the lending institution is the Valuer’s client not you.”

There is a popular belief – held mainly by those who have had a lower than expected valuation of their property – that a Valuer is under different instructions when their client is a lending institution. To determine this, let’s look at the role of a Valuer.

### THE ROLE OF A VALUER

A Valuer is a property professional, registered under a *State Valuers Registration Act*. They are required to undertake continuing professional development and risk management training. A Valuer’s role when acting on behalf of a bank, mortgage broker or lending institution is to ensure that the assessed value of the property is sufficient to support applicable loan considerations. Wider than that, the independent and evidence based assessment that Valuers provide plays an important role in establishing the market confidence for lending institutions to provide borrowings to buy and sell property.

On this basis, when acting for a lending institution, the Valuer’s role is to determine the current market value while considering a number of borrowing requirements. This does not mean that the Valuer is going to be any **more** conservative; it just means that the Valuer is required to provide substantial backing of their figure through sales commentary, market commentary and in addition, ensure that the interest of the lending institution is protected. Contrary to perception, the lending institution is the Valuer’s client not you, even though it is **your** property.



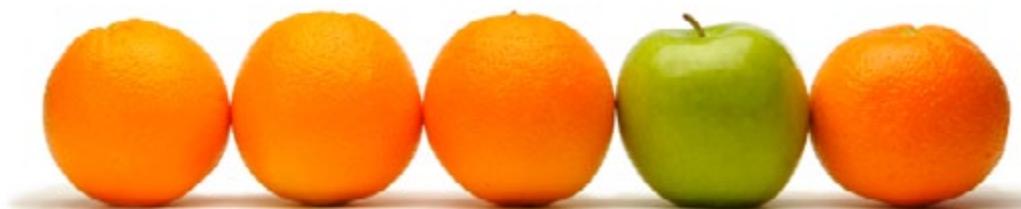
But what about when you order a private valuation, does the Valuer consider the current market value any differently? In short, no! The Valuer will come up with the exact same figure whether you order it or whether it is ordered by the bank. The Valuer will undertake the exact same process, but the difference is that there is no need to provide additional clauses and information relating to lending requirements. You are the client in this instance and the valuation must be prepared in accordance with your instructions.

## What if there's nothing to compare with?

What does a Valuer do if there are no recent sales in the area that are similar to your property? This is a question that is hard for non-Valuers to answer, but as an experienced Valuer I can provide some exclusive insight into what a Valuer will do in this instance.

Firstly, let's look at why sales evidence is included in a valuation. The primary valuation methodology used to calculate the current market value of a property is the "Direct Comparison Approach" which is the comparison to sales evidence. The valuation figure is then double-checked using the "Summation Approach", (methodology explained later in this e-book).

So, what if there aren't any comparable sales in the area? This is where Valuers employ their property expertise. For example, there are potentially suburbs in another section of the city, with similar attributes to your suburb that are relatively comparable. The Valuer can utilise sales evidence in these locations and provide commentary as to why they consider these as appropriate comparisons to your property. While not the ideal situation, when there is little data to go on this is the only way to provide supporting evidence and is where the Valuer's intimate property knowledge and intelligence is expected.





## What if your property is unique?

Secondly, let's look at unique properties. When saying a "unique property", we mean a property that is out of the ordinary, something that has a limited market, or a property that does not appeal to the general population in an area. These properties generally have very limited comparable sales to compare to.

To begin with, these properties are always going to have a limited market due to the fact that the property is tailored to specific tastes. These properties will require additional time and research for the Valuer to determine a current market value that represents the quality of construction yet not over-pricing, given the market segment is quite small. In these cases, the assessment is compiled using the "Summation Approach" - construction costs per square metre and the land value.

The current replacement value of any improvements is calculated and then a depreciable amount is applied to reduce the value to the current condition. The land value is assessed and these two items combined determine the market value of the property.



“Price is what  
you pay.  
Value is what  
you get”

Warren Buffett



## Is a renovation worthwhile?

Many people use renovation as a property investment strategy. Often however renovators are disappointed with the valuation they receive at the end of all their hard work. An important thing to bear in mind is that while a renovation may ultimately make the property more marketable, it may not always make a big difference to the overall property value.

Before commencing any renovation it is important to understand what the bulk of the market is looking for. Are people looking for:

- Open living plan or separate living rooms
- Neutral colours or feature walls,
- Large outdoor areas or wanting to live more indoors,
- Low maintenance or big gardens that require a lot of time to maintain,
- Fewer bedrooms that are large and have storage or more bedrooms that are smaller without built-ins
- Two-way bathrooms or single access bathrooms,
- Tiles, carpet or polished timber floors



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The valuation figure is essentially the Valuer's personal opinion supported by market evidence... so leaving a good impression can make a big difference

All of these things should be taken into account when assessing whether the renovation is going to increase the value of the property in a Valuer's mind by substantially more than the cost of your renovation.

A Valuer is a key professional in your property portfolio. Understanding how they value a property and what they are looking for will assist you in maximising your outlay (money and time) and growing your portfolio.

I hope this e-book has been of benefit to you in understanding the various ways you can assist in maximising your valuation figures which in turn, will assist you to grow your property portfolio.



Get to your property investment destination faster... see back page for your own Property GPS



## WHAT NEXT?



I hope you enjoyed this e-book, part of a free series brought to you by Your Property Success.

My name is Jane Slack-Smith, I am the founder of Your Property Success and also a property investor, educator and market commentator.

The reason I launched Your Property Success was to give me a way to provide low-cost high-content property investment education to ordinary Australians and to help people just like you to take the steps towards financial freedom.

This is no “get-rich quick” scheme, nor is it about expensive but ultimately useless gimmicks and tricks. Your Property Success delivers self-paced learning and practical exercises, through affordable 6-week e-courses, designed so you can quickly establish the action steps and move forward.

My intention with Your Property Success has always been to pass on all the knowledge of someone who has been there, done it and made the mistakes... so that you don't have to!

I have spoken at seminars and workshops around Australia and have become increasingly concerned that the cost of these is creeping up. I believe you should not have to be wealthy to become wealthy! I believe education should be affordable and that everyone should have the opportunity to create a better life for him or herself.

Yes, you can go to the local library and get all the books you need to learn about property investment but if you want a short cut, then get your education from someone who has done it successfully in a low-risk way.

You may have spent several years getting a formal education for your profession so that you could earn decent money and give yourself and your family a comfortable existence – so why not invest a little time into the vehicle that will get you there sooner?





# Your Property Success

## E-COURSES

These e-courses are designed to help you with each step involved in property investing. They are structured into 6 modules (one module per week) and include practical exercises to help solidify your learning and help get the understanding from “mind to muscle”.

Each course also comes with a workbook for you to record your progress and complete the exercise/s for each module. This workbook will become your property investing “playbook” and you will refer to it time and again as you make your first, second or even tenth purchase.

These sequential courses are designed to be taken in a specific order, as each builds on learnings from the previous. If however you feel that you already have a good grasp of the concepts in some courses you are free to choose only those courses that suit your needs.

1. The Foundations of Low-Risk Property Investing: assessing goals, budgeting and defining your strategy and property buying criteria
2. Knowing Your Numbers: working out what you can borrowing, getting your finance together, differing loan types and who pays for the costs of the property
3. Locating a Property: what to look for and where, websites and resources to find the property, what to look for during inspections and how to negotiate
4. Signing to Settlement: what to include in your letter of offer what is the process involved, requirement for landlords insurance, what is a depreciation schedule?, How to complete a quick reno and how to appoint a property manager
5. After You Buy: Dealing with buyer’s remorse, protecting yourself through insurance, managing your property and unlocking opportunities for the future growth of your portfolio.

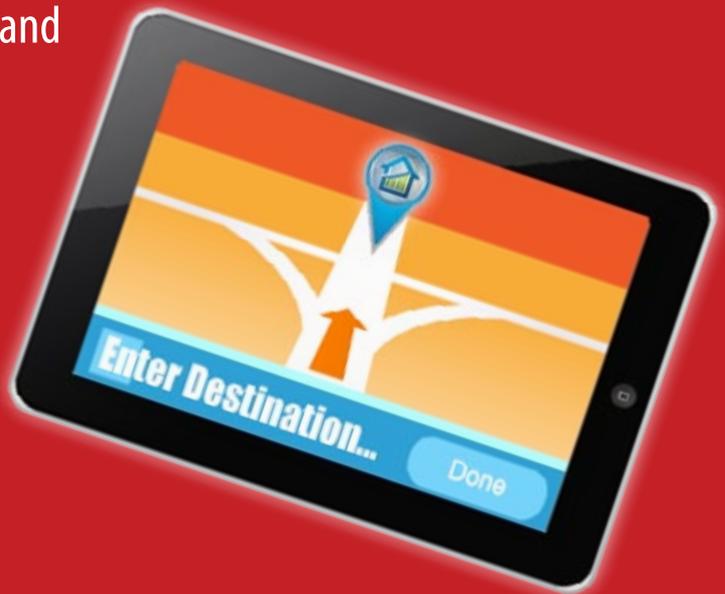


# *Do you sometimes feel like you're on the road to nowhere with your property investment dreams?*

No doubt you've experienced the frustration of sitting in traffic or being caught out by unforeseen delays that prevent you from getting to your destination. The property investment journey can be a lot like this when you don't know where you're going and you don't have a guide to help you navigate the challenges and obstacles.

Wouldn't it be great before you start your journey to know the potential delays and obstacles?

Your own property portfolio GPS can help you avoid the mistakes and wrong turns that can lead you off course and ultimately dead-end your investing success.



[CLICK HERE NOW](#)

Discover tools you can use today to create your own property GPS... saving you years of time and frustration attempting to do it all yourself.

## **OUR COMMITMENT**

Deliver massive value for a minimal pricetag!  
we challenge you to challenge us if you think we re not living up to it



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