



What's my property worth?

Property valuers spend years acquiring the skills necessary to make accurate assessments, but there are a few simple principles they employ that can assist you in deciding what a prospective investment might be worth. Kieran Clair, certified practising valuer at Herron Todd White, reveals some important tips

Property assessment isn't a science beyond the realms of the average investor, and while valuers make it their business to know the ins and outs of their markets, a few simple principles can help you ensure that you're on your way to paying the right price for the right property – right from the get-go.

Be realistic and objective

Don't let your heart rule your head. Property valuers are a strange mix of scientist and psychologist. They deal with facts and analysis to find a single answer to a question for which there is, in fact, no forgone conclusion. After methodically processing information to assess a figure,

they will sit back and ask themselves objectively, 'Do these figures fit what I know about the market?' So while the difference between a good and a great valuer is often depth of experience, the steps each will take are generally the same.

Research your market

This is the absolute cornerstone of understanding value. Take your time, talk to local agents, go to auctions and jump on the internet. The property being valued is almost always referred to as the subject, and once its address hits your desk, the work begins.

The computer age is a boon to property valuers who now have the opportunity

to access online databases to gather everything from copies of the title and registered plan to purchase and sales history. Some valuers even take a quick look at Google Earth to get a top-down view of the subject and its surroundings.

Carry out a thorough inspection

Measure the home's dimensions, turn on the taps, look at the stumps and walk the boundary. Look for every positive and negative you can.

A valuer sees your house as three interrelated components: the land, the house and site improvements (or ancillaries) such as landscaping, fencing, pools etc. At inspection, the valuer will firstly take in the subject from the outside. Does the block have a good frontage? Is access easy? Is it impacted by road noise, train lines or other surrounding uses?

The next step will usually involve a walk around the house looking at the lie of the land and the type and condition of the ancillaries. Valuers note items such as whether fences need repairing, whether yards need TLC or if the back of the

block slopes away so hard that it's virtually unusable except for abseiling.

Finally, an internal inspection will complete the picture. A valuer will walk through each room and take in fittings and features, while noting the condition and appeal of the home including paintwork, floor coverings and general maintenance. Special attention is paid to the condition of kitchens and bathrooms.

Seek independent information

Estimated projections on rising values and rentals from the organisation selling you the property are worthless. Seek independent information.

Location, location...

Don't ignore the basics. If it's on a train line or next to an arterial road, it'll be trouble.

Compare like with like

Try and find comparables as similar as possible to the subject. Comparables are other properties that have sold in the market, which will provide a reliable indication of what buyers are willing

to pay in an area for a certain type of property. To be dependable, comparables must be in line with the definition of market value, and to be effective valuers must always try to compare like with like.

It's important to note that listings aren't comparables. A house may be listed for sale at whatever price the vendor requests. Valuers aren't interested in what a property is listed for, only what it sells for.

Think like a local

If everyone in the street wants lock-up garages, make sure the subject doesn't buck the trend. Check what locals want.

Watch for overcapitalisation

A half tennis court may seem like a good idea, but unless the owner is raising a Hewitt, most buyers will find it next to worthless. Be honest about what an improvement really adds. Similarly, it's no good trying to fit as many bedrooms as possible at the expense of functionality. A valuer will quickly dismiss a 'bedroom' as a study if it provides the only path between the bathroom and the rest of the

house. During the internal inspection, the valuer will also take note of a home's extra items such as air con, built-ins, security features, ceiling fans and fireplaces.

Think land, dwelling and ancillaries

Breaking down the property into its parts can help you see the whole. How does the land compare? Look at land size, location, frontage, elevation, ease of access, views and aspect. Consider possible drainage issues. Think about the desirability of the street and appeal of surrounding land uses.

Use recent comparables

If you're using sales from a year ago when the market was booming, you're relying on false evidence. Now that the valuer has thought about each of the comparable components, they can answer the overriding question – would the market believe the subject is inferior, similar or superior to the comparable? If the comparable sold for \$300,000 and the analysis suggests it's inferior, then the subject is most likely to be worth more than \$300,000. ■

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