

# The Value of a Registered Valuer

Late last year Napier City Council updated the Rating Valuations (RV) for properties within its Territorial Authority (TA). Also known as Government Valuations (GVs) these property valuations are undertaken every three years and are based on mass appraisal techniques. The values are used primarily for assessing local authority rates and in many cases the subject property has not been inspected

However, often property buyers use Rating Valuations as a guide to value when making an offer or considering the purchase of a house. Rating Valuations are carried out every three years, and may be out of date after only a few months. Some assessments are carried out several months prior to the published date and may even be out of date by the time of public release. In most cases there is significant change to values in a three-year period.

Consequently, there could be enormous discrepancies in the assessments. This is a concern for a lender basing any loan on a Rating Valuation's 'value' or a vendor/purchaser negotiating a contract for sale or purchase and relying on this 'free' assessment. As independent Registered Valuers, our reports are of a much higher standard and comply with both International Valuation Standards (IVS) and those set by the banks themselves and our reports are deemed out of date if they are more than three months old. Of note, confusion often occurs about the term RV. Is it a report from Registered Valuer, or is it a computer-generated report from a registered Valuer, or is it a computer generated report from your local TA, a Rating Value?

Vendors and Purchasers alike should be aware of the following points:

- Rating Valuations do not include



a chattels allowance which would normally form part of a purchase price. Chattels generally include removable appliances, drapes, light fittings and floor coverings. The value of chattels can be as high as 10% of the property's value.

- Rating Valuations are typically computer generated using previous values and increasing these by the average rise indicated by recent sales. These are then checked, sometimes by a roadside inspection. Very seldom do the Valuers make an internal inspection.
- As there is often no internal inspection, a property may have been altered or refurbished since the Rating Valuation was assessed and this would not reflect the property in its upgraded state - or deteriorated state such as a leaky building.

Also, be aware of how the value conclusions for a property are

generated using an e-Value/ computer generated reports used by some retail banks and even Quotable Value. There is no actual property inspection and therefore very limited understanding of what the property's attributes truly are. Unlike a report from a Registered Valuer, some of the differences between a registered valuation and an E-Value report include:

- Floor areas are sourced from Core Logic, not physically inspected or measured.
- Value is benched off the Rating Value.
- Of the nearby sales looked at the value conclusions do not make comparisons back to the subject property and do not state whether they are inferior, comparable or superior to the subject property.
- Sales offered as comparisons are

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not always relevant to the subject in question and do not compare apples with apples and therefore over or under value the property.

- Computer generation does not take into consideration factors such as views, aspect, house presentation, neighbouring properties. For example, in Havelock North and Napier streets can include sites that are more elevated or in a gully some sides of the streets shaded other sides are not.
- A property might front a busy road versus a quiet cul de sac, furthermore unless a property is inspected it is impossible to tell its true condition.

In fact, if you read the small print of these reports – you will find the same or similar disclaimer:

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Fundamentally, no property can be accurately assessed without a site visit by someone who is in full knowledge of the property and location's characteristics. If you do require the best indication of price, engage the services of a Registered Valuer so that you can be sure of the true value of your property.

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