

Diamond in the rough

Six common valuation perceptions

James Freudigmann, Manager, Propell National Valuers

When talking property it seems everyone is an expert. If you've heard that swimming pools have no value and more bedrooms means more value, then you may be surprised to learn these aren't necessarily the case. James Freudigmann of Propell National Valuers takes time out to talk about the top valuation consumer perceptions.

"Bank valuations are always conservative"

Valuers are required to act independently and must not be influenced by the party seeking the valuation or concerned with the reasons that a valuation has been requested.

The valuer is required to be able to justify their valuation figure by providing evidence of comparable sales in an area. In compiling a valuation report, valuers must adhere to a strict process heavily reliant on factual data and appropriate methodology.

"The valuation doesn't reflect my home's presentation"

Every home owner has their own preferences on interior design. We see a number of property owners who spend up to \$20,000 painting the interior of their home in bright, bold colours with the expectation that the value will increase by at least the same amount.

While the current property owner may love their new colour scheme, buyers may not share their enthusiasm. For this reason **valuers factor in design trends when valuing a property**, and it is generally accepted that neutral colours will be the most widely appealing.

"More bedrooms = more value"

We see many property owners make the mistake of believing their property is worth more than another in their area because it has more bedrooms. This may have been the case 30 years ago when family sizes on average were larger.

In today's market, **property owners often choose to convert a spare bedroom into a study or office, home theatre or storage room.**

When comparing two properties, especially units, **total floor area may be a better indication of value rather than the number of bedrooms in a dwelling.**

Valuers also consider location-based factors such as street appeal, street access and views when comparing properties.

"Market value is the same as sale price"

Market value is an *estimate* of the price a property is likely to attract in a rational and competitive market place. Sale price is the actual amount a property achieves.

The **reason for a disparity between a market valuation and the sale price could result from human factors relating to the sale.** A buyer may feel a personal connection with a property and happily pay above market value. Alternatively, a buyer may have personal circumstances which compel them to sell quickly and accept an offer below market value.

The market value is usually a reasonable guide.

"The valuer didn't spend enough time in my home to give a solid valuation"

Prior to visiting a property a valuer will undertake extensive background research on your local market. Valuers will analyse recent sales data of comparable properties in your area.

When the valuer arrives at your property **they will have a very specific checklist of items they are looking for** and may only require 20-30 minutes at your property to compile this information.

"Swimming pools add no value"

We find broad generalisations can be dangerous when valuing a property. In some areas there may be evidence that buyers are prepared to pay more for a pool, however in other areas this may not be the case.

Prestige homes or suburbs catering to families are more likely to see the added value in pools, whereas inner city or coastal properties may not.

If you are thinking about adding a pool **you should consider the potential target market for your property.** If you do own a pool ensure you keep it well maintained and landscaped to maximise value.



To find out more about how a valuation is conducted ask us for a copy of our "Valuations explained!"



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