

APPRAISALS AND VALUCATIONS – WHAT IS THE DIFFERENCE?

Real estate professionals are often asked whether there is a difference between a valuation and appraisal. There is a difference and it is important to know when a formal valuation is required as opposed to obtaining an appraisal.

A formal valuation can only be conducted by a qualified valuer who has undertaken prescribed education and training in this field to ensure that they take into account all features and issues relating to a particular property. Valuing is a complex task and will take some time to complete. A formal valuation will take into account things such as:

- The location of the property
- The building structure and its condition
- Building/structural faults
- Features of the home
- Caveats or encumbrances on the property
- Local Council zoning
- Additional features of the property (particularly relevant in rural areas)

After a valuation, the client will receive a written report detailing the value of the property and a fee will be charged for this service.

Valuations are required when a definitive value is needed. Reasons for this include a property settlement, obtaining finance from a lending institution or establishing the value of a deceased estate. A Court may also order that a valuation be obtained as part of the process of resolving a dispute.

If you do require the best indication of price, engage the services of a qualified valuer so that you can be sure of the true value of your property.

Appraisals are only intended as a guide to pricing and can be requested from real estate salespeople. Appraisals are estimated by knowledge of the local area and recent sale prices and should only ever be used as an estimate of price. They are not definitive and have no legal standing. It is rare to charge a fee for appraisals and they are generally only requested by potential vendors to get a 'feel' for the local market.

When requesting an appraisal, it is recommended that you contact a real estate agent who is familiar with the area in which your property is located.

To contact an REIQ member in your area for an appraisal, visit REIQ.com and click on Find An Agent.

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