

# Valuers and Supervisors Connected Journey To Registration

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Land Information New Zealand

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# It wont be easy



# Super Supervisors Vital



**Good supervisor = good results; Bad supervisor = bad results**



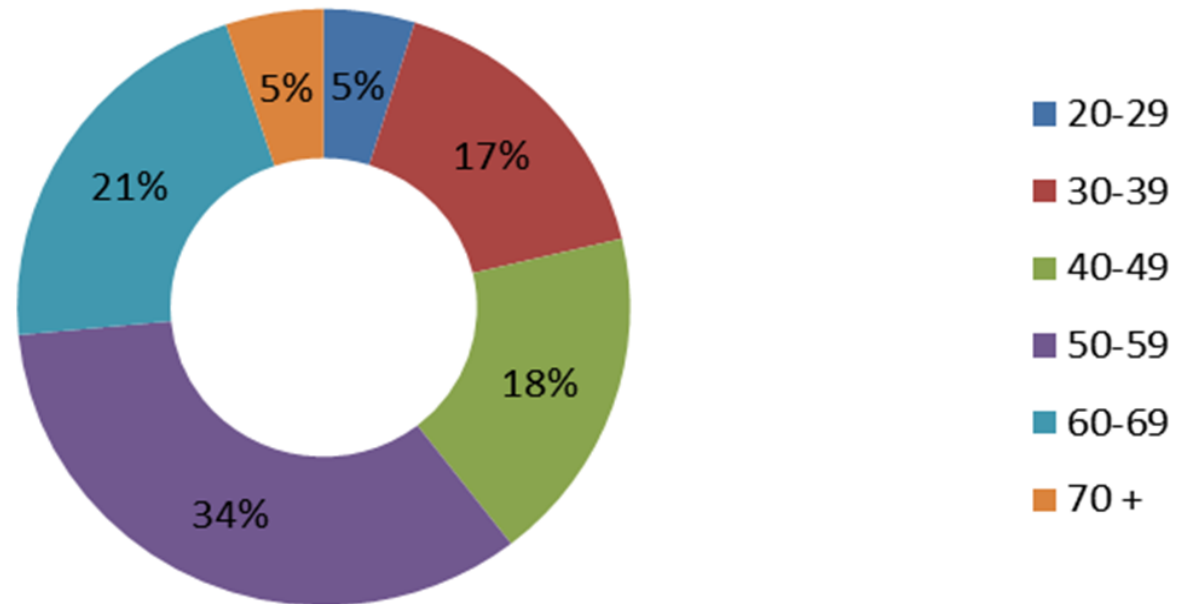
# We expect it will be worth it



Show case 6 year journey to competent professional – ready for next step!

# The Wheel of Fortune

## Registered Valuer Age Profile



**60% 50+ = A MASSIVE  
OPPORTUNITY FOR YOU!**

# Why Have Valuers

- Best performing world economies built on the strength & transparency of their property markets - Property is the basis for lending and growth – jobs for Kiwis!
- Valuation is a critical component of informed decision making – **Independence** - Valuers are usually busy in both rising & falling markets - What valuers do really matters!

# Public Confidence Critical



# Professional Robbers

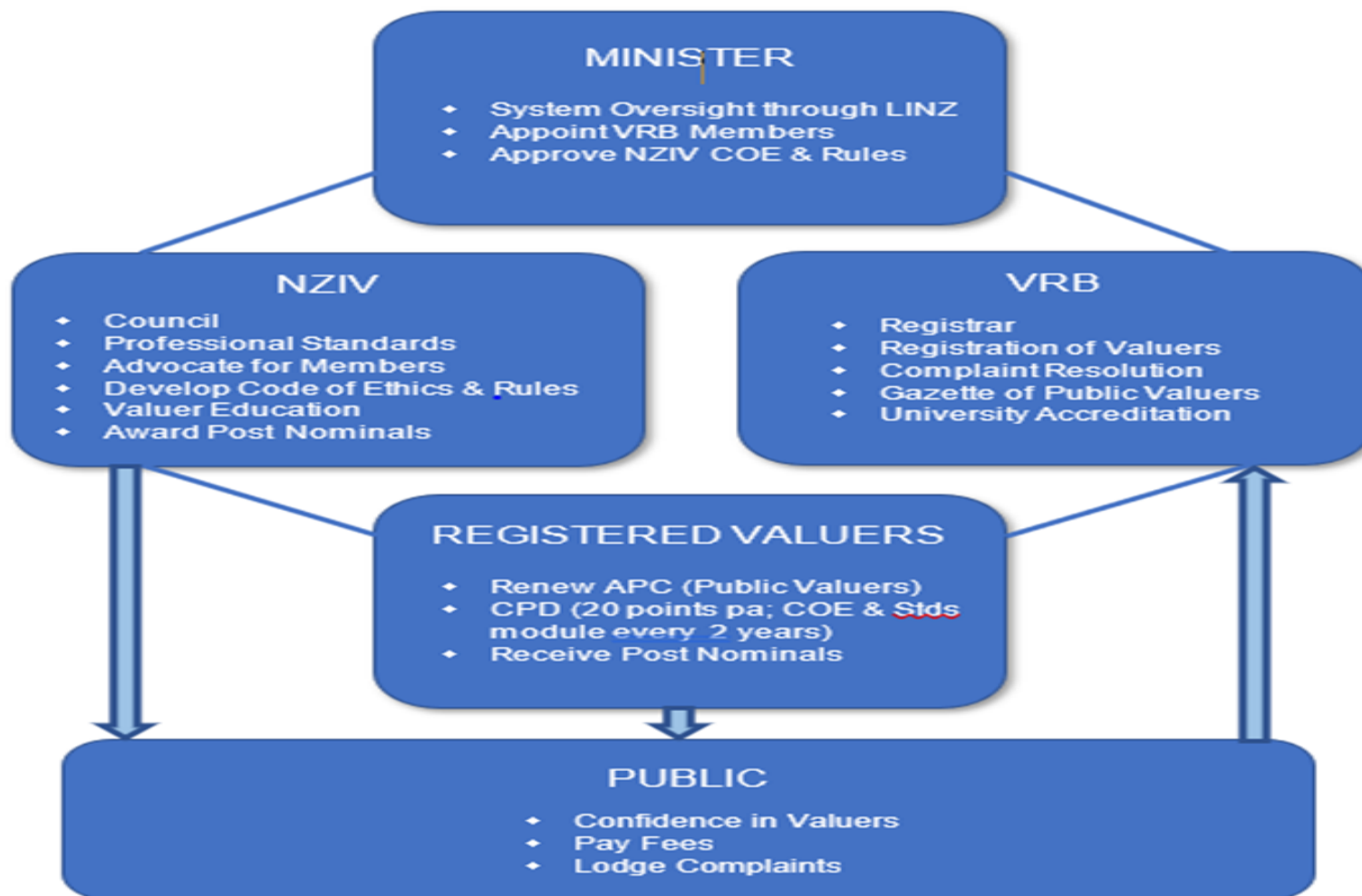
- Need to stay relevant & valued or someone will steal our place – RE Agents, Accountants, AVM's & AI - Registration is a key Status





# Private Valuation System

## Valuers Act 1948 – Roles and Responsibilities



# Supervisor Role

1. Set up a 3 year pathway/training programme with your graduate that you both adhere to
2. 6 monthly reviews and mark against a template of expectations for each part of a discipline
3. Encourage study groups & industry participation with peers – discuss historic economic & market trends
4. Ensure graduates attend relevant CPD - including Standards and Ethics
5. Test your graduates on their knowledge (role plays & mock exams) to meet registration criteria

- **Work for an employer that offers 1- 5**
- Agree your valuation specialist area(s) – discuss and plan supervisor commitment – it's a 2 way conversation
- 80% of learning is on the job?
- Can you make an application for a time credit?

# Key Registration Components

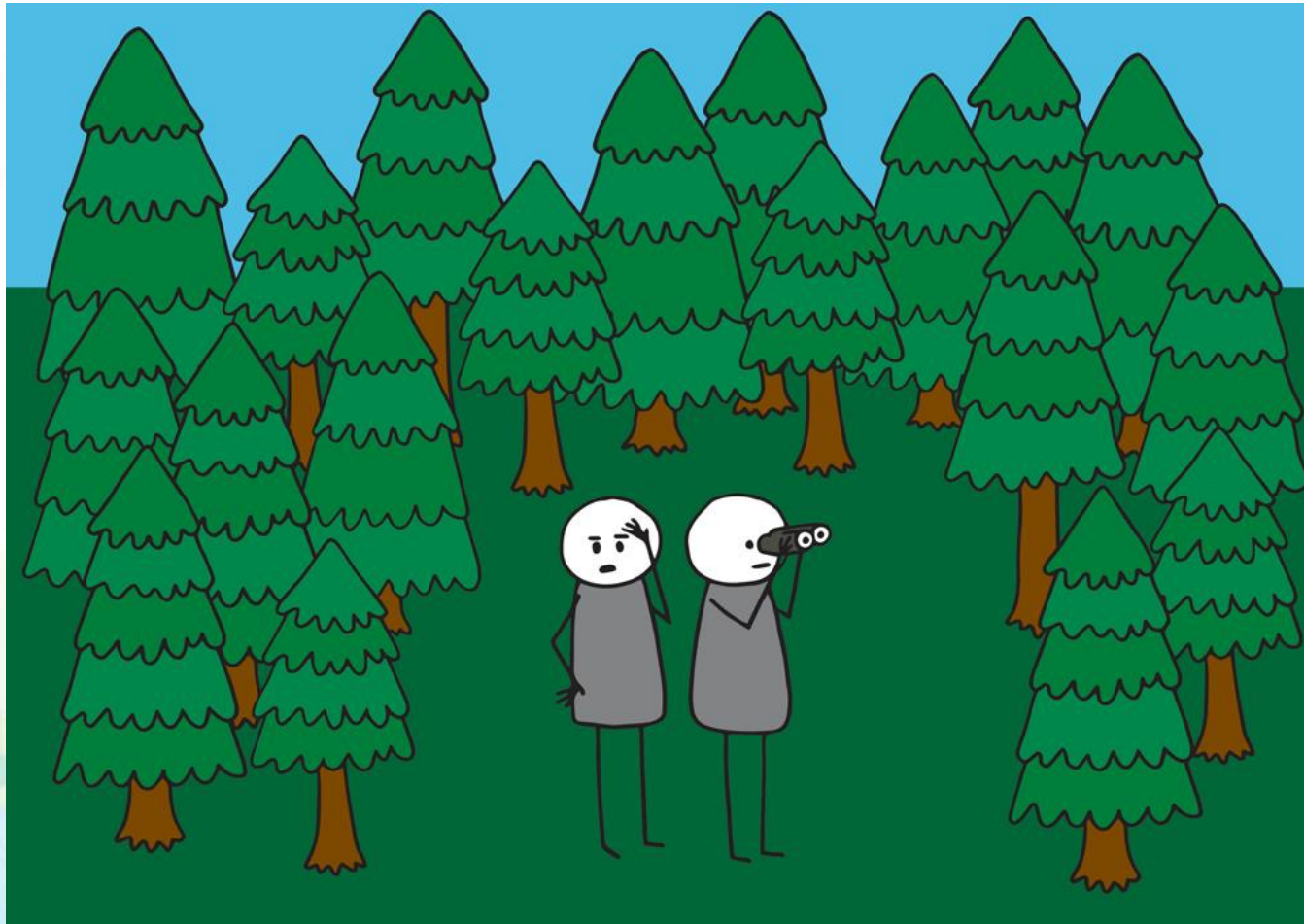
- Registration Requirements Manual
- IVS (Effective 31 January 2022) & Australia & NZ Valuation & Property Standards 2009 (updated 1/1/2012) - Valuation Guidance Papers
- Code of Ethics 1996
- Legislation & Government Policy



# Registration Requirements Manual

- Registration requirements manual – Read & Highlight key parts
- VRB want to see **reports that comply** with Standards & explain the methodologies used – **recent stumbling block for examinees**
- **If possible get a registered valuer from another firm to review your reports**

# Can't see the wood for the trees!



**I think my reports comply at least they look that way to me!**

# Why IVS

- NZ in a Global market – same valuation standard whether in Wellington, Washington or Warsaw
- Standards drive credibility of our profession – not just a compliance exercise - **big part of exam now, specific question's on Standards**
- If asked what valuation standards used don't just say the current ones!

- IVS 101 - check your 20 reports have a SOW for each job & that it covers detail in IVS 101- 20.3.
- IVS 103 – 20.3 Report sufficient for experienced valuation professional to review & understand:
  - Key inputs, assumptions, reason for conclusions
  - Narrative linking key evidence to value conclusion



- IVS 105 Valuation Approaches & Methods - **Only 3 Approaches - Market, Income & Cost**
- Market **Approach** (Sight Value + Net Rate are both market **Methods** not Approaches); Income Approach (Capitalised rent + DCF); Cost Approach (DRC)
- It's Market Value (MV) these days & not **Current** MV – Know definitions of MV and H&B Use (legally permissible, physically possible, financially feasible)

- NZ/Australia Valuation Standards 2009 effective 1.10.2009 (reissued 2012) TIPS & GN's gone & **Valuation Guidance Papers in**
- Real Property (ANZVGP 111); Mortgage Recs.(ANZVGP 112);
- NZVGP 503 Unregd Valuers (reports have to explain what you did & what Regd Valuer did)

- NZVGP 504 – Houses under construction & New Houses – market may change & off plan vs second hand values differ – know 4 step process!
- Income Approach = Rental standard = NZVGP 505 – a lot of reports missing this!
- **ANZVGP 110** – a new one – what to do if a shortage of comparable Sales evidence

# Code Of Ethics

- Code of Ethics - Read & understand it – NZIV (1996) - who signs off the NZIV COE?
- **big part of exam now, specific question's on Ethics** - What parties does COE protect?
- Good one to talk about in Study Group – discuss ethical scenarios & what COE clause is relevant eg Conflict of Interest (2.2), Independence (1.7), Competence (2.4) etc use the VRB flowchart – discuss previous VRB decisions ex VRB website



# Legislation & Government Policy

## Government intervention

- LVR's, DTI's
- Interest deductions – new vs old homes
- Healthy Homes by 1.7.24
- Overseas Investment
- Bright Line – 10 years
- National planning statements – RMA(Enabling Housing Supply etc) Amendment 2021
- RTA, **CCCFA**



# Registration Criteria

## First time pass rate 80%

VRB not there to fail  
applicants - has a reasonable  
level of competence been achieved?

Report compliance issues have  
held back marginal applicants!



# 20 Reports

- Mostly recent & cover range for property type –  
**include appendix material to support valuation report** – state what 20 reports cover  
eg subdivision, income - detail title memorials –  
be able to explain how firm spreadsheets work
- Name registered valuer & state their competence  
for valuation assignment + what you & they did

- If used 2 or more valuation approach or method show answer for each and reconcile to final value answer eg Sight Value & Net Rate – **can Weight but can't Average!**
- **As You Analyse, So You Value** - link evidence to valuation - If based on net rate then put detail of this in the report – **check that your analysis & valuation conclusion make sense**



# Does Report Make Sense?

ARE YOU DRUNK?

☐ YES

☐ NO

X

- Narrative summarising the 2-3 key sales & why
- Use of Superior/Inferior/Comparable still useful if brought together in a summary narrative
- Put in a consolidated sales table
- Need comparable **land sales if net rate method used** or if Land Value say >40%

- Academic & Practical criteria – if rural then need rural qualifications – if Commercial/Industrial need the relevant urban qualifications
- Record of CPD – Where, Who, When, What about
  - explain key messages & learnings – start today
  - what are the 5 key things I've learnt from this presentation – do the Standards & COE modules

- Study groups etc – applicants from study groups do better – use your initiative to set up a group– Board want solutions not problems
- Role play with employer/mentor – mock interview video to see your mannerisms - get used to sound of your own voice

# References

- Referees – VRB scrutinise references – do they support you?
- Reference detail range of work, technical knowledge, case law knowledge etc
- Supervisor/Employer attendance at exam welcomed



# Examination

- Time allocation – 1.5 hours to prepare 3 scenario question answers plus separate Standards and COE questions – then 2 hour face2face exam
- Don't ask questions during exam just answer them; **don't guess**
- Demonstrate your professional valuation knowledge – be passionate - showcase last 6+ years learning's – explain how you link knowledge to your valuation work

# Exam Passion



**CAN'T SOMEONE ELSE  
JUST DO IT?**

# Examination

- Explain general & local market conditions – NZ economic story & your regions story - Macro & Micro – OCR, CPI, LVR's, Tourism, Dairying, Migration, Employment, NZ\$, Iron Ore Price etc
- Market overview – in your **expert** area know relevant facts ie sales volumes, prices, supply/demand, rents, vacancy etc
- How does land value move vs improvements?

# COVID 19



- **Time for a new market story? - How do you monitor a falling market! Leading indicators**
  - **REINZ stats, listings, days to sell, agents**
- Economic predictions/Astrology/Valuation
- **FOMO VS FOOP**
- Sir Bob Jones says markets primarily have 2 states - **Fear or Greed**



# Examination

- Case law – Principles more than the story – Common Law development HB going to YE – examples of how you apply case law in daily work – PINZ case notes
- Case law study tip - voice record the case notes then play them back (regularly)
- Land locked land – Property Law Act

- Time value of money – Discount Rate vs Capitalisation Rate – 4 factors in DR. Risk free rate, inflation, asset type & specifics of the property (lease term, condition etc)
- Why is a capitalisation rate implicit – explain how it functions – what drives it up or down?
- Face vs Effective rent meaning & analysis

- Rural – Land Use issues – RMA – Land & Water Management Plans - Irrigation schemes & Nutrient discharge issues; Impact of Foreign Buyer restrictions; Fonterra Auctions - \$kg/MS
- Forestry – Climate Response Act – Carbon Farming affect on marginal rural land prices
- Lifestyle question – site + balance land

- Hypothetical Subdivision – Draw a plan of development, Profit & Risk, GST, Realisation period, Case Law, Interest on outlay (what does Opportunity Cost mean?) – why does a hypo sub go backwards?
- Cross Lease - know what it means & how it works
- Income Approach – X check via Market Approach

## Construction

- Residential knowledge of house ages (Villa, Bungalow etc), building components (hip roof, skirting, lintel, architrave, mullion (not lotto prize) & materials – go on a building site!

## Characteristics of Leaky & Earthquake Prone

- Commercial & Industrial – building services & materials (both inside & out) – know your office ceiling! Applying measurement standards



# Keep Learning & Checking



# Where to after Registration

- Onto ANZIV – post nominal managed by the NZIV Council
- Opens up a broader range of clients especially banks
- Shows your progression in the profession and evidences increased experience

**Good Luck 😊**

- **Good mentoring = Good Results; Bad mentoring = Bad Results**
- Follow an agreed supervisor and graduate plan for success
- **Good luck for registration**