



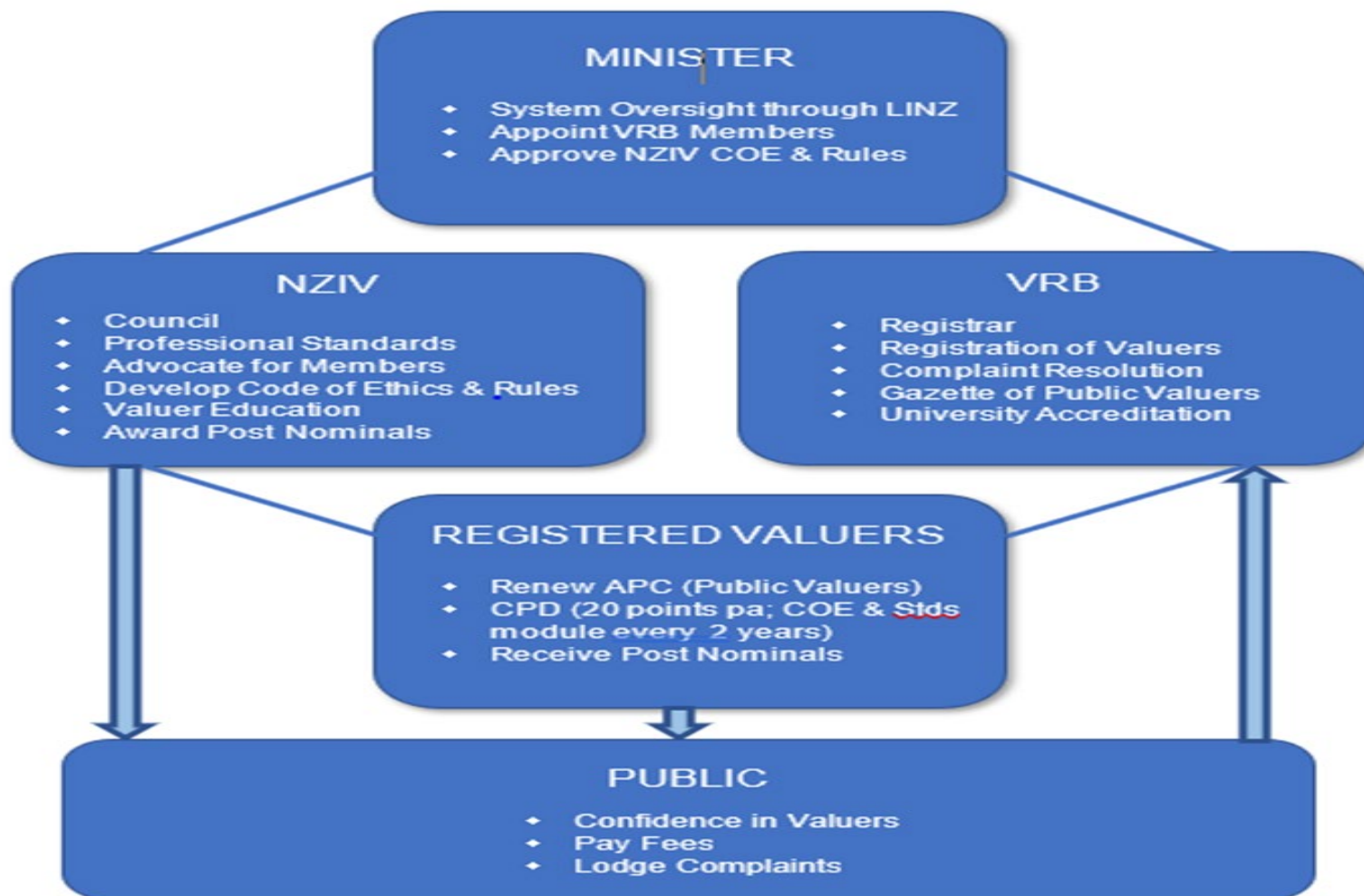
# PINZ Emerging Property Professionals Presentation

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Land Information New Zealand

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# Private Valuation System

## Valuers Act 1948 – Roles and Responsibilities



# Private Valuation System Regulation

## VALUERS ACT 1948

### REGULATION OF PRIVATE VALUATIONS

#### Creates:

- Valuers Registration Board (**VRB**) (VG Chairs)
  - Registration of Valuers.
  - Public Protection for users of Valuers
- New Zealand Institute of Valuers (**NZIV**) Education and Standards
  - Code of Ethics
  - Advocacy for Valuers

Third party funded by Registered Valuers – annual membership fees

# 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!

# Professional Robbers

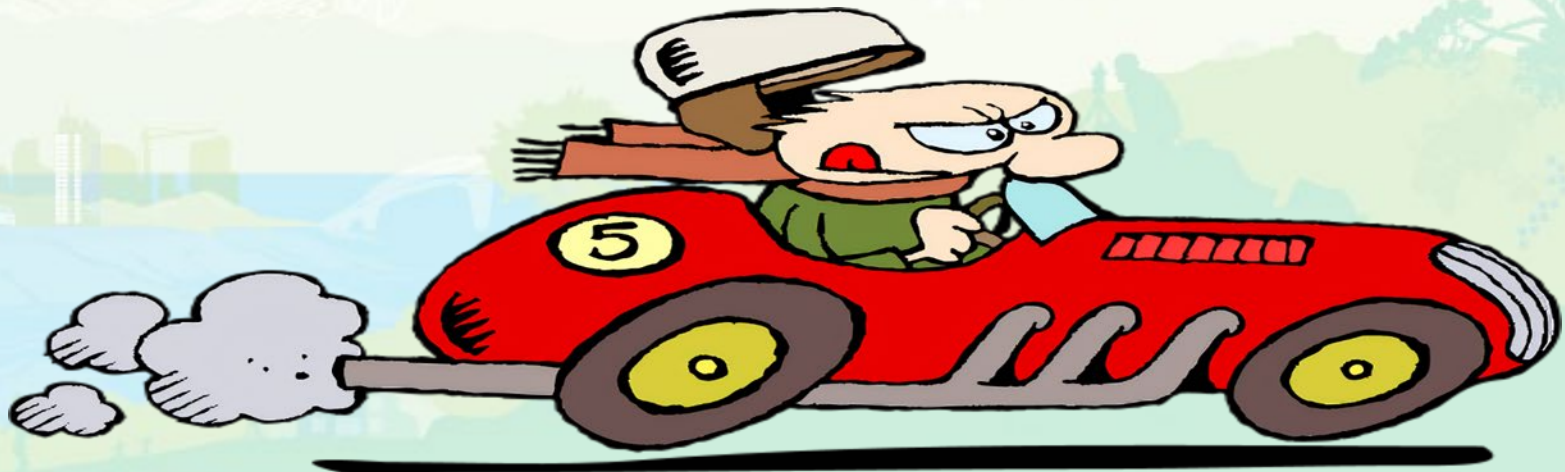
- Need to stay relevant & valued or someone will steal our place – RE Agents, Accountants, AVM's & AI - Registration is a key Status





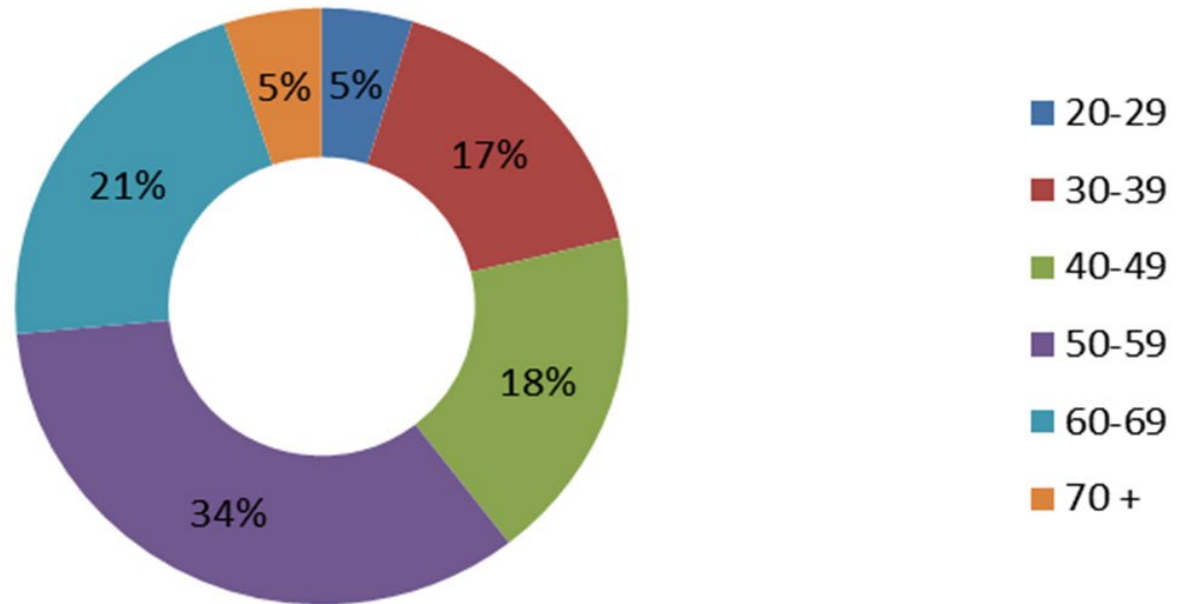
# AVM Calibration & Validation

- Most important mechanism to make cars go faster is brakes – better the brakes the faster you can go -Valuers will likely be the mechanism to accelerate use of automated valuations – more powerful models on the horizon & will need valuers to calibrate and validate performance accuracy - get in the drivers seat!



# The Wheel of Fortune

## Registered Valuer Age Profile



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

# Key Registration Components

- Registration Requirements Manual – LINZ website
  - 15 not 20 reports now, 12 from last 12 months
- IVS (Effective 31 January 2022) & Australia & NZ Valuation & Property Standards Valuation Guidance Papers ex1.7.2021 – What reviews?
- Code of Ethics 1996 – What reviews? COI.
- Legislation & Government Policy



**Remember - It's not the Size  
of the Load, Rather the Way  
you carry it!**



**Gaining Registration wont be easy but we think it will be worth it! Carry your load!**



**Show case learnings from your 6-7 year journey to be a competent professional  
– demonstrate that you are ready for next step!**

# Registration Requirements Manual

- Registration requirements manual – Read & **Highlight** key parts
- Can get registered via rating valuation pathway
- VRB want to see **reports that comply** with Standards & explain the methodologies used – **recent stumbling block for examinees**
- Can submit full IVS compliant Objection reports

# 15 Reports

- 12 in last 12 months & cover range for property type – state what 15 reports cover eg subdivision, income, new off plans etc
- Include appendix material to support valuation report – plans, field notes, valuation calcs.
- Clear on what you did & what registered valuer did eg inspections, analysis, report, valuation



- **1 key thing to remember throughout your career!**
- **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 Valuation Make Sense?

ARE YOU DRUNK?

☐ YES

☐ NO



# 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!

# NZIV Code Of Ethics 1996

- Code of Ethics – Read & understand it – it's currently being revised - what changes are likely?
- **big part of exam now, specific question's on Ethics** - What parties does COE protect?
- Good one for Study Group discussions eg Conflict of Interest (2.2) Can you work in a Conflict situation? **Yes, subject to? Don't just say No!**
- Independence (1.7), Competence (2.4) etc **discuss previous VRB decisions**

# Legislation & Government Policy

## Government intervention

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



# Plan Your Rego Journey

## **Good mentoring = Good Results; Bad mentoring = Bad Results**

Follow an agreed supervisor and graduate plan for success – employer should:

- support you to attend relevant CPD - including Standards, Ethics & PINZ Graduate gatherings
- support study groups & industry participation with peers
- discuss historic economic & market trends
- 80% of learning is on the job



# Preparation

- Study groups etc – **applicants from study groups do better** – use your initiative to set up a group– Board want solutions not problems
- **Role play exam** with employer/mentor – video to see your mannerisms - get used to sound of your own voice. **This is a critical step!**

# Examination

- Time allocation – 1.5 hours to prepare 3 scenario question answers plus separate Standards and COE questions – then up to 3 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 things you've learnt preparing for registration to your day to day valuation work

# Show Your Passion



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

# Examination

- How & who got you into valuation and why you want to become a registered valuer?
- Explain local & macro market conditions – your regions story & NZ/Global economic story - **Easy marks if you can clearly articulate the story at start of exam - 7\* theory! Role play importance!**
- If limited or no sales can you still do a valuation? based on what evidence? Old sales (no) current secondary evidence (yes) how you get secondary evidence? What specific ?'s you ask agents?

# Examination

- Exam is not just a rote memory test though – need to link local & macro factors to market activity & values eg impact of change in Dairy pay out or interest rates – what numerical change as well as value impact on market
- May get asked to **build your market story around a typical property** eg 3 bed house with garage or high rise office building or economic pastoral farm etc – what market changes in your time of valuing/ what's happening now/future predictions.... etc



# Examination

- Market overview – in your **expert** area know relevant facts ie sales volumes, median prices, listing volumes, supply/demand, rents, vacancy, whose buying, % of mortgages renewing, % of sales by auction (25% down to 15% now) Land value vs Improvements in falling & rising markets
- Macro – OCR, CPI, LVR's, interest rates, Tourism, Migration, Employment, Utilisation Rate, NZ\$, Iron Ore Price etc
- 7\* theory - Know Dairy milk solid pay out predictions \$kg/ms as this is a backbone of NZ economy!

- **Time for a new market story? - FOMO**  
**2021/early 2022 VS FOOP 2022/23 - How do you monitor a falling market!– listings, days to sell, asking price changes ex agents**
- Sir Bob Jones says markets primarily have 2 states - **Fear & Greed – where is yours at?**
- Network, network, network - Build relationships with agents – **secondary evidence crucial now!**

# Examination – Case Law

- 95%+ chance you'll get case law in exam - principles more than the story – 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)
- Common Law development HB then YE
- Link case law to COE eg Baxter vs Gapp COE 2.4
- Land locked land - Jacobsen Vs Drexel – Willing Buyer & Seller – Role of Property Law Act

# Examination – Case Law

- Singer vs Friedlander – Margin of Error 10-15% then a NZ case showing 30% - Fletcher Homes (Gosper case) – Incentives & NZIV response
- Segama – post dated evidence – confirms a trend
- Coleraine insurance lift issue – can agree a higher std than law requires – **IVS101 SOW – Special Assumptions**
- COE 1.7 Chch subdivision case

# Examination

- 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?
- Why 2 physically identical properties in same location sell for quite different yields? Lease terms, WALT, Tenant quality, rental growth etc
- Face vs Effective rent meaning & how analysed



# Examination

- 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 method

# Examination

- 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? Block value as a % of GR - In 1 line = a Market Approach – how is it different to hypo-sub?
- Income Approach questions – X check value via Market Approach
- Cross Lease - know what it means & how it works

## 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! Measurement standards – what ones we use & how applied for different ppty types?

# Standards

- IVS (effective 31 January 2022) - MV + H&B use
- IVS 101 SOW – what's in it?
- IVS 103 – linking evidence to answer – fellow professional able to understand how you reached your valuation
- IVS105 – Only 3 Approaches; Market, Income & Cost – anything else is a Method eg Net Rate; DCF, Comparable Transactions; Capitalisation etc

## Guidance Papers for Valuers ex 1 July 2021

- ANZVGP110 Shortage of Market Transactions – what it allows?
- NZVGP504 – New homes! cause of reputational damage to profession – Fletchers, Blue Chip etc – identify incentives in sale price! **4 step process**
- NZVGP505 – needed if using Income Approach
- What papers being consulted on eg contaminated land, forced sale, insurance, disclaimers



# Registration Pass Rate

## **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!

Role play is critical!



# 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
- Understand what should go into your fee – 1 thing we're not good at valuing is ourselves!
- **Good luck for registration**