

A property valuation report commerce essay



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Introduction

In recent years, the real estate market becomes a focal point. Property value may change by the influence of the government, social, economic and environmental forces. Demography's report shows Australian home prices to be little increased in 2011, driven by the slow pace of construction approvals, strong immigration, and an economy that hasn't experienced a recession in nearly two decades. (Business day, 2011) These forces will affect the real estate markets' up or down. This task focuses on the property inspection and valuation and specifically discusses a valuation of Burwood Vic. First it describes the external components and internal inspection of the house. Then it analyses what factors would affect the property value. After that, the market valuation approach is undertaken and five recently comparable sales within the local area are provided, with the valuation and details of each house being discussed. There are some opinions and discusses shown by references, graphs, images and RPdata website finding.

Current state of the residential market

1In recent years Melbourne real estate market is more active, with the house price gradually rising in the trend. And key fundamentals are in high demand, which is created by population growth in the city of Melbourne.

There is a serious supply and demand imbalance in the Australian residential property market. Melbourne has major problems in meeting demand for new housing and is not building enough apartments and houses currently .

Different regions in the Melbourne have different prices. According to Residex, houses grew by 14. 3% and units by 12. 3% in 2010. And Melbourne is now the second highest priced median housing market in the country

behind Sydney. Besides, interest rate rise in 2010, which was influenced by the Australian economy, grew well above its trend rate at 0.9% for 2009. (Iron fish, 2010) This incredible result, along with solid employment figures and buoyant business and consumer confidence have all but guaranteed the return of interest rates to a “normal” level by the end of the year. (Iron fish, 2010). On the other hand, the secondhand room trade in Melbourne is very active, with about 65% of people in Melbourne renting the private house. The RP Data shows that rent house’s price is increasing 35% in the last 3 years. This is why the more investors see the high return in the property and choose to invest in real estate.

Local suburban market

The Burwood housing market has been increasing between 2002 and 2010 with the median house price around \$200,000. At present, the May 2010 median house price is at \$250,000 while unit prices average \$280,000 (Domain, 2010). Between May 2002 and 2010 the Burwood property market has increased annually on average by 12%, however with the rise of interest rates on mortgage repayments, according to the Real Estate Institute of Victoria, the suburban market is likely to ease as housing becomes less affordable (REIV, 2010). In terms of the local suburban market with reference to the housing market, the property price in Burwood’s long term trend is increase for house and units. The median price for house in year 2010 is increasing, but the price for units is going down. (Domain, 2010)

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Source form: RPData. com. au

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Factors affecting home value

There are major factors affecting the housing value. To sum up, first is the urban employment opportunities. The second is the secondhand market is activated. The third one is the government policies. In this section we will examine particularly how market and government forces affect the houses value. The government force can have a great impact on property value. In the 2010, VIC government increased Built permit license, the number of Home Starter allowance is grow 30 %.(RP Data, 2010). Government policies plan stimulates the economy and property market. Economic forces mainly in the external economic factors are: employment, wages level and occupancy rate. Related to the employment opportunities, higher income means high demand, this is an external factor to affect the house value. And Interest rates are a major component to a property market since high interest rates increase the added expense in borrowing money from banks. On the contrary, low interest tends to drive demand of the property result in an upward trend.

In additional, KEY value influence^{1/4}š

Access to workplace, shopping centers and culture facilities

Transport Services

Quality of schools

3Reputation of the area

Residential atmosphere

Supply of land

Private land use restrictions (lecture notes, topic 3)

About this house- share house, a major influence is firstly, location. House prices most significant influence factor is the location, location can decided how good the most important factor is the traffic. Secondly, it is CBD. Business Centre is to determine the prices for key factor, located in the business centre will determine the house price growth fast. Lastly, it's the environment. Including the ecological environment and human and culture environment, economic environment, any environmental conditions will improve property appreciation. Ecological environment is to observe without air and water pollution and so on, if inside the residential area have plenty of green space or garden, this area will fit for live in, and some improvements.

Property inspection

The physical characteristics of the Johnston property were examined as a result of a visual inspection on the 20th of January, 2011. The external components were first assessed, including boundary dimensions and improvement areas, Site characteristics. Details of the legal description and land, Land Channel report. And a description of the land characteristics, services and planning controls. Then, the inspection of the internal features of the property will be examining, analysis each room covering floors, walls, and condition of the room.

External plan of the lands

4The image below is a cadastral map portraying, the property's location on the street. The map from state government Victoria and google map.

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Description – external Features

Site size

Encompassing 828 square meters, the Johnston site has two levels of the house. In general, the higher size the site attracts if it has higher utility.

Site shape

The site width measures to be about 17 metres and the length about 40 metres. The sites dimensions also contribute towards the property are the biggest area utility.

Site Access

The Johnston state has two direct accesses to the property's appeal. From the highway having one access point, the other point is on the right through the road. The site is easy and continece to get in.

Zoning

The Johnston property is located in the Residential 2 Zone, and last year, the Victoria government zoned the areas of the distribution, from the city to Vermont south all cover the zone 1, , that meaning that the site highest and best use in the residential development , and develop the transport.

Topography

In this area, where the topography around the site, there are almost houses and several apartments. Due to the wide and height range of the zoning limitations, so the site used the residential house or the two-level units. At the Johnston site, the topography is used for the family housing.

Available Utilities

The Melbourne government makes the available utilities for the residential house people. Including services: electricity, water, gas, high -speed internet, Drainage and sewerage, security. These services increase the residential development and contribution.

Environment

The local environment is covering a variety environmental factors, climate, temperature, humidity also influence the environment. Historically the weather is not affect the Johnston site area. The air quality seems to be good, there is no factory near the site, make green by planting trees, landscaping of residential area.

Descriptions – Internal inspection

6Living comfort and appeal are exemplified in the property's aesthetics and internal components. There are 3 bedrooms, a living room and 1 bathroom. It's an old brick house with a large backyard.

Brief property description

Property layout

House is located the face south, the front door leads into the entry corridor, in front of the corridor is the bedrooms, entry the hallway, beside the wall is the large walk-in wardrobe, walk through the hallway, on the left is the bathroom and toilet, along the hallway is the laundry room, next the laundry is the kitchen, with the dining room with together in the middle of the house. In the dining room there is the other bedroom here, the entrance to the hallway, there are two bedrooms beside laundry two sides. The back garden

is the through the hallway, open the door near the laundry room. Big balconies have been seeing. Downstairs is the garden.

Hot/Cold water services

Hot/ cold service provide the convince way to the life. Cold and hot water are made available at each water pipe, at kitchen, bathroom, back garden, and laundry room. This provide a help to water condition, using the hose down a garden, it's helpful and easy for living. And the cold water can drink directly. Cold water was reused after chemical treatment, it is safe way.

Air- conditioning /Heating systems

There is the heating and air-conditioning installed in the house. Making a comfortable lifestyle. When temperature is below the specific point, the heating or air-conditioning will automatically start mode.

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Room Descriptions

Main bedroom

The main bedroom is a medium-sized room with one large window that overlooks the small front garden and grows flowers and plants. Big wardrobe is inside the wall, double size bed, with wall-to-wall carpeting. Two sides to cover with yellow wallpaper, this room are location is backlight, although in the hot summer, it is still feel comfortable. And a floor lamp and bedstand in the two sides of bed. And has double window curtain.

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Kitchen

Located in the back of the house, the kitchen is with the living room together, the cupboards is made of the solid timber is large to put the whole things, there are two large cupboards the kitchen floor is a tiled floor, it is easy to clean. A large dinning-table and six chairs near the pantry. In addition, on the other side are the refrigerator, oven, and microwave oven. There is a kitchen ventilator in above the stove. The sink and tap are easy to use, there are hot and cold water from the two points, easy way. All things in kitchen have the good conditions.

Bedroom * 3

Other bedrooms including:

Corner

-Big Screen

9-Entry Door

-Carpet

-Desk

-floor lamp

-double size bed

Walls:

-Shelves

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-double window curtain

-shutter

-Windows

-Wallpaper

-wardrobe

Bathroom

The main bathroom is

- Skid-free surface

-cabinet

-bath tub

10-shower bath

- Shutter

- ventilating fan

- Coat hanger

- Flush toilet

Living room

The living room is located at the middle of the residence house, there are several large sofas in around the tea table, in front of the table is the TV and

DVD table, the other side is the garden, open glass door can directly enter the back garden. In additional, can enter the carport.

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DETAILED PROPEONRTY VALUATION

A property valuation was undertaken for Johnston Street, Burwood on the 20th of January 2011. In this section, the Burwood suburb will be examined to evaluate the current market price for the subject property.

Source From the myrpdata. com

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Subject property

20 Johnston Street Burwood VIC 3125

Property type: house

Attributes: 3 bedrooms

1 bathroom

1 Toilet

4 lockup Garages

Sale Price:

\$478, 000

Sale Date:

27/09/03

Local Govt: Burwood

Distance To: CBD 18km

Highest price paid - last 3 years: \$1, 000, 000

Lowest price paid - last 3 years: \$375, 000

Average land size houses: 893 sqm

Median Sold Price: \$ 750, 000

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Features:

Balcony, courtyard, garage, Wardrobe, kitchen, bathroom, living room

Situated within close proximity to:

75 tram station (200m), Deakin University (1. 4km), Burwood shopping center (2. 5km)

On the market history – for Sale

PUB. Date

Sale Detail

Agency

27/09/03

Normal sale

\$300, 000-\$400, 000

Barry plant DOHERTY REAL ESTATE

20/09/03

Normal sale

\$300, 000-\$400, 000

Barry plant DOHERTY REAL ESTATE

06/09/03

Normal sale

\$300, 000-\$400, 000

Barry plant DOHERTY REAL ESTATE

04/09/03

Action-12: 00pm 27/09/03 On site

Barry plant DOHERTY REAL ESTATE BLACKBURN

Source from Rpdata. com. au

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Market comparisons

The 5 properties below are a selection of sales chosen from the Australian property monitors database -RPdata. They are ranked by their superiority to the subject property and reflect comparable characteristics. They are all located within Burwood.

Burwood 3125

26 Brockhoff DR

Description

Dwelling type: House

Bedrooms: 4

Bathroom: 2

Land area: 448sqm

Car accommodation: 2

Distance from subject property:

Nearest tram station: 2. 6km

Sale Price: \$ 610, 000

Sale listed: end 26/08/10

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Burwood 3125

3 Conservatory DR

Description

Dwelling type: House

Bedrooms: 4

Bathroom: 2

Land area: 425 sqm

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Car accommodation: 2

Distance from subject property:

Nearest train station: 2. 4km

Sale Price: \$560, 000

Sale listed: 26/11/

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Burwood 3125

41 Leopold st

Description

Dwelling type: House

Bedrooms: 4

Bathroom: 1

Land area: 741 sqm

Car accommodation: 1

Distance from subject property:

Nearest tram station: 2 km

Sale Price: \$ 778, 000

Sale listed: 05/10/10

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Burwood 3125

9 Pescott CL

Description

Dwelling type: House

Bedrooms: 4

Bathroom: 2

Land area: 502 sqm

Car accommodation: 2

Distance from subject property:

Nearest tram station: 2. 6 km

Sale Price: \$ 646, 980

Sale list: 08/01/11

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Burwood 3125

5 Roadway Ct

Description

Dwelling type: House

Bedrooms: 4

Bathroom; 2

Land area: 378sqm

Car accommodation: 2

Distance from subject property:

Nearest tram station: 1. 8 km

Sale Price: \$ 850, 000

Sale date: 25/07/10

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House price estimate

Address: 20 Johnston Street, Burwood Vic 3125

Valuation date: 2011/01

Valuation: \$650, 000

Valuation range: \$600, 000-680, 000

It is based on the comparability of the sales to the subject property and widens the scope of the valuation. Based on the comparable sales and an evaluation of property markets, the Burwood property value will range between \$600, 000-\$680, 000. The valuation is based on current market circumstances so changing market conditions will alter the value of the property.

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Estimate compared to median price

The current estimated market price for this property is \$750, 000 above the current median house price in Burwood.

Conclusion

To analysis the above the property, estimate a property's value is not easy to say increase or decrease, need to consider different forces, such as marketing situation, government policies, economic forces , and environmental change. Melbourne's residential property will make another steady start in 2011 and continue to do so in the long term. This assignment focuses on the property situated at 20 Johnston Street, Burwood Victoria where, both Australian and local markets were analyzed, the property was inspected and finally was valued. As always, look at the Comparisons property within the Burwood in Melbourne, real estate value is continuing to be good trend for property investment in the future.