

<b>Title</b>	<b>Demonstrate knowledge of appraisal and complete investment analyses of residential properties</b>		
<b>Level</b>	<b>4</b>	<b>Credits</b>	<b>5</b>

<b>Purpose</b>	<p>This unit standard is for people working in the residential sector of the real estate industry.</p> <p>This unit standard is not for people who provide property investment advice regulated under the Financial Advisers Act 2008.</p> <p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> <li>– identify the needs, requirements, and objectives of prospective investors;</li> <li>– explain appraisal methods for investment property;</li> <li>– estimate the likely costs and revenues associated with property and calculate investment performance; and</li> <li>– prepare appraisals and investment advice reports.</li> </ul>
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<b>Classification</b>	Real Estate > Rural, Residential, Commercial and Business Sales
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<b>Available grade</b>	Achieved
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### Guidance Information

- 1 References
- Consumer Guarantees Act 1993;
  - Contractual Remedies Act 1979;
  - Fair Trading Act 1986;
  - Financial Transactions Reporting Act 1996;
  - Financial Advisers Act 2008;
  - Goods and Services Tax Act 1985;
  - Human Rights Act 1993;
  - Overseas Investment Act 2005;
  - Overseas Investment Regulations 2005;
  - Privacy Act 2020;
  - Property Law Act 2007;
  - Rating Valuations Act 1998;
  - Real Estate Agents Act 2008;
  - Resource Management Act 1991;
  - Resource Management (Simplifying and Streamlining) Amendment Act 2009;
  - Residential Tenancies Act 1986;
  - Securities Act 1978;
  - Unit Titles Act 2010;

Valuers Act 1948;  
and all subsequent amendments and replacements.

## 2 Definitions

*Appraise/appraisal* is estimating the market value set upon a property.

*Common Law* is also known as case law – judgements made by courts, rather than laws written by parliament. Judgements relating to the duties of an ‘agent’ may be applicable to this unit standard.

*Client* means the person on whose behalf an agent carries out real estate agency work and is commonly known in the industry as a vendor or seller.

*Customer* means a person who is a buyer or potential buyer of land or a business and is commonly known in the industry as purchaser or buyer.

*Industry requirements* mean all actions must comply with relevant professional body standards, legislation, codes of professional conduct and client care, and approved guides. Legislation is available from <http://www.legislation.govt.nz> and codes of professional conduct and client care, and approved guides are available from <http://www.rea.govt.nz>.

*Established industry methodology* includes but is not limited to – Comparative Market Appraisal, Comparative Market Analysis, Current Market Analysis.

*Prospective investor* means a prospective customer who is intending to purchase a property for investment purposes.

*Local Authority bylaws* mean a rule or regulation made by a Local Authority authorised to do so under the Local Government Act 2002. Some other Acts also empower Local Authorities to make bylaws on specific topics.

## 3 Assessment

This unit standard must be assessed on the basis of evidence of demonstrated performance in the workplace or in simulated work situations designed to draw upon similar performance to that required in the workplace.

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## Outcomes and performance criteria

### Outcome 1

Identify the needs, requirements, and objectives of prospective investors.

#### Performance criteria

1.1 Needs, requirements, and objectives are identified.

Range	cashflow, financial position, tax requirements leverage, rate of return required.
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### Outcome 2

Explain appraisal methods for investment property.

#### Performance criteria

2.1 Net rate method is explained as applied to appraisal practice.

2.2 Replacement cost method is explained as applied to appraisal practice.

- 2.3 Analysis of sales method is explained as applied to appraisal practice.
- 2.4 Capitalisation of net income method is explained as applied to appraisal practice.

### **Outcome 3**

Estimate the likely costs and revenues associated with property and calculate investment performance.

#### **Performance criteria**

- 3.1 Likely investment performance is determined in relation to purchase price, equity investment, estimated future market value, and market rent consistent with established industry methodology.
- 3.2 The likely rate of return on the investment is calculated consistent with established industry methodology.
- 3.3 Rental value is assessed in terms of industry requirements.
- 3.4 Maintenance requirements are assessed in terms of cashflow requirements.
- 3.5 Property is checked for compliance in terms of local authority bylaws for rental purposes.

### **Outcome 4**

Prepare appraisals and investment advice reports.

- Range may include but is not limited to – apartments, house conversions, flats, houses, townhouses.  
Evidence is required of appraisals and investment advice reports for a minimum of two different residential property types.

#### **Performance criteria**

- 4.1 Appraisals and investment advice reports are prepared in keeping with established industry methodology and current market conditions.
- 4.2 Investment advice reports are prepared to provide comprehensive information to a prospective purchaser.
- Range includes but is not limited to – market rents, rate of return, estimated market value, compliance with fire regulations, council regulations, resource management issues, title type, any other compliance requirements.
- 4.3 Explain the need for, and methods of, comprehensive checking of written investment advice prior to submission to the prospective purchaser or to the vendor.

Range methods of checking include – peer review with branch manager or licensee, use of computerised investment financial programme.

4.4 Explain the implications of contributory mortgage schemes in terms of the investment advice provided.

<b>Replacement information</b>	This unit standard and unit standard 23444 were replaced by unit standard 30493.
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**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	27 July 1995	31 December 2013
Revision	2	13 November 1997	31 December 2013
Review	3	19 January 1999	31 December 2013
Review	4	18 December 2006	31 December 2013
Review	5	12 February 2010	31 December 2013
Revision	6	19 July 2012	31 December 2020
Review	7	26 October 2017	31 December 2020
Rollover	8	1 November 2018	31 December 2020
Rollover	9	26 March 2020	31 December 2021
Rollover	10	26 November 2020	31 December 2022
Rollover	11	29 April 2021	30 June 2023

<b>Consent and Moderation Requirements (CMR) reference</b>	0003
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.