

4.107 Analysing sales to determine Site Value

Purpose/Objectives

This policy outlines the key principles a valuer must use when analysing sales evidence to determine an Unimproved Value (UV) on a site value basis.

Key Principles

When determining site value, the primary source of evidence comes from comparable arms-length sales of vacant land and when there are few, from the analysis of comparable improved sales.

1. The primary method of valuation is the direct comparative method using sales evidence of similarly zoned land within the locality at or around the date of valuation specified by the Valuer-General.
2. Sales evidence is required by the Valuer-General to be *truly comparable*, first by either being in the same or a similar locality and second by being comparable with respect to zoning, use and physical characteristics.
3. Sales evidence should reflect sales involving informed market participants and exclude sales involving overly anxious buyers or sellers. The concept of market value involving hypothetical market participants that are not overly anxious was established in the High Court of Australia with the precedent case *Spencer and Commonwealth of Australia (1907) 5 CLR at Section 441*.
4. In accordance with *High Court of Australia decision in Maurici and Chief Commissioner of State Revenue [2003] HCA 8*, valuers must consider the full basket of sales evidence. In areas where there is a scarcity of vacant land with few vacant sales, ensure that these exclude any excessive scarcity factor or special value. The UV must be assessed as unaffected by special circumstances and not include any loading not evident in the sale of improved properties of the same zoning in the same location.

Only sales evidence that conforms with items (1) to (4) above are to be used for the purpose of general valuation and subsequent determination of objections and reviews.

Unless otherwise directed by the Valuer-General, this policy applies to interim values and values provided under special requirements of Division 3 – Concessional and other Valuations, Part III of the *Valuation of Land Act 1978*.

Useful Links

[*Maurici and Chief Commissioner of State Revenue \(2003\) HCA 8*](#)

[*Spencer and Commonwealth of Australia \(1907\) 5 CLR*](#)

[*Valuation of Land Act 1978*](#)

Evaluation & Review

Custodian: Policy & Regulation, Valuation Services

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