



GUIDELINES FOR ADMISSION EXAMINATION

1. VALUE – GENERAL

Different kinds of value, subjective, objective, cost vs value, use value, economic vs legal approach.

2. PURPOSES FOR WHICH VALUATIONS ARE REQUIRED

Expropriation, purchase/sale, rating, deceased estates, balance sheets, mortgage bonds.

3. MARKET VALUE

The concept, definition, willing buyer, willing seller, open market, date of valuation.

4. DIFFERENT KINDS OF PROPERTIES

Privately owned: Unimproved land, agricultural, residential, commercial, industrial.

Publicly owned: Government offices, schools, hospitals, power stations, parks, railways, roads, sports and recreation.

5. METHODS OF VALUATION

Direct and indirect comparison methods, income capitalization, discounted cash flow, residual land value, cost approach.

6. VALUATION OF SINGLE RESIDENTIAL PROPERTIES

Unimproved erven, differences in shape and size, factors influencing value, nature of improvements, locality factors such as schools, churches, shops, transport, view and geographic aspects.

7. VALUATION OF GENERAL RESIDENTIAL PROPERTIES

Townhouses, group housing, medium density developments, high rise apartments, sectional title, share blocks, time share, cluster housing.

8. VALUATION OF COMMERCIAL AND INDUSTRIAL PROPERTIES

Shops, offices, service stations, shopping centres, office parks, different kinds of factories, warehouses, industrial parks, industrial townships.

9. VALUATION OF SPECIAL PROPERTIES

Properties of central, provincial and local government, sports and recreation, power stations, roads and transport, hospitals, churches, schools.

10. VALUATION OF AGRICULTURAL PROPERTIES

Different kinds of farms, factors influencing value, eg rainfall, income, nature of soil, improvements, locality, irrigation, product popularity/stability.

11. TOWN PLANNING ASPECTS

Guide plans, metropolitan and local authority planning, zonings, floor area ratios and coverage, height restrictions, sub-division procedure, rezonings, need and desirability.

12. ECONOMICS

Basic principles of supply and demand, urban economics, population influence, labour, infrastructure, sociologic factors, urbanisation.

13. DEPRECIATION

Depreciation, physical deterioration, functional obsolescence, economical obsolescence, replacement cost, reproduction cost.

14. POTENTIAL

Highest and best use, demand for the potential, quantification of risk, market behaviour, legal aspects, feasibility.

15. PROPERTY VALUERS PROFESSIONS ACT, 2000 (ACT NO. 47 OF 2000)

Registration of property valuers (candidates and professionals) and the regulatory regime involving their professional conduct.

16. PROPERTY VALUATION ACT, 2014 (ACT NO. 17 OF 2014)

Establishment, functions and powers of the Office of the Valuer-General.

17. MUNICIPAL (RATING) VALUATION

Local Government: Municipal Property Rates Act, 2004 (Act No. 29 of 2004)

As Local Government: Municipal Property Rates Amendment Act, 2014 (Act No. 29 of 2014)

Leading cases:

Braamfontein Co Ltd v Johannesburg Municipality 1916 TPD 745

Caltex (Africa) Ltd v Director of Valuations 1961(1) SA 525 (C)

Colyvas v Valuation Court, Pretoria 1960(4) SA 34 (T)

Fine Wool Products of SA Ltd v Director of Valuations 1950(4) SA 490 (E)

Glencairn Buildings Ltd v Johannesburg Municipality 926 TPD 68

Helderberg Butcheries (Stellenbosch) (Pty) Ltd & Another v Municipal Valuation Court, Somerset West & Another 1977(4) SA 99 (C)

Pietermaritzburg Corporation v S A Breweries Ltd 1911 AD 501

Risi Investments (Pty) Ltd v Vereeniging Town Council 1965(3) SA 307 (T)

Volkstrust Bpk v Direkteur van Skattings & Andere 1980(1) SA 760 (C)

18. EXPROPRIATION/ JUST AND EQUITABLE COMPENSATION (S25 OF THE CONSTITUTION)

Constitution of the Republic of South Africa, 1996

Leading cases:

Du Toit v Minister of Transport 2006(1) SA 586 (C) and SA 297 (CC)

Msiza MP v Department of Rural Development and Land Reform 2012 SA 133

Check other relevant cases on the Internet

19. THE TIME VALUE OF MONEY

Compound interest theory, present value, future value, fixed and escalating annuities, ordinary annuities and annuities due, balance of a loan after n instalments, sinking fund, deferred amounts, simple interest, internal rate of return, net present value.

You are encouraged to study the examples in your financial calculator to familiarise yourself with time value of money, amortisation and discounted cash flows calculations.

20. DISCOUNTED CASH FLOW STUDIES

Principles of cash flow analysis, township valuations, sectional title developments.

21. INCOME CAPITALIZATION

The concept, capitalization rate, factors influencing rate, capitalization in perpetuity, partly developed income producing properties, net income, gross income, operating expenses.

22. BASIC BUILDING CONSTRUCTION

Basic components of a building, eg foundations, walls, roof ceiling, electric wiring, plumbing, cupboards, finishes. Different sub-contractors, building contracts, basic design principles. Construction of factories, offices and shops.

23. VALUATION REPORTS

Contents: Instruction, description of property, method of valuation, motivation, conclusion, Annexures, accuracy, presentation, date of valuation.

NOTE: Candidates will be permitted to use pocket calculators. This is a closed book exam.

In addition to the above mentioned Acts, the following books are recommended. Please use latest editions where applicable.

ELLENBERGER: The Valuer: Butterworths 1983

JONKER: Property Valuation in South Africa: Juta 1984

SMAL: The Time Value of Money in Practice: Protea Boekhuis 1998

Useful information may also be obtained from:

GILDENHUYS: Onteieningsreg: Butterworths 2001

MARITZ: The Study Guide for Estate Agents: Juta 1983

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS: The Appraisal Manual

BRITTON, DAVIES & JOHNSON: Modern Methods of Valuation

XXX