



A member of  **CIVIC MJD AUSTRALIA**

## ASSESSMENT OF UNIT ENTITLEMENTS

The Licensed Valuers at Garmony Property Consultants are often called upon in Strata Title matters and disputes when the existing Unit Entitlement of a Strata Property is considered incorrect due to changes in the Strata Titles Act 1985 since the original assessment was carried out, or changes to the buildings over the years. Our expert licensed valuers have detailed experience in undertaking the assessment of Unit Entitlements for complex property types (which may include proposed mixed use developments) or re-assessment of Unit Entitlement for matters of dispute or where the owners believe the current unit entitlement is incorrect.

***"Expert Property Valuation Advice"***

### Licensed Valuers & Property Consultants

P: +61 8 9474 2220

E: [valuations@garmony.com.au](mailto:valuations@garmony.com.au)

W: [www.garmony.com.au](http://www.garmony.com.au)

9 Hardy Street, South Perth WA 6151

#### UNIT ENTITLEMENT

- Establishes
  - a) The voting rights of a proprietor
  - b) The undivided share of each proprietor in the common property (percentage of ownership)
  - c) The proportion of levied contributions of each proprietor

Unit Entitlement of lots relates to the relative proportion of each owner's share in the scheme.

Schedule of Unit Entitlement Certificate (Formally form 3) prepared by a licensed valuer and is required to accompany a strata or survey-strata plan and a plan of re-subdivision.

It shall certify the unit entitlement of each lot, bears in relation to the aggregate (Total) unit entitlement of all lots on the strata or survey-strata plan.

The proportion shall not be greater than 5% more or 5% less than the proportionate value of that lot to the aggregate (Total) value of all the lots on the plan.

**Value means** — (In subsection (2) of the Strata Titles Act)

- (a) in the case of a strata scheme, the capital value within the meaning of the Valuation of Land Act 1978; and
- (b) in the case of a survey-strata scheme, the site value within the meaning of that Act.

Reallocation (for changes to the Strata or Survey Strata Plan) must be by resolution without dissent (or unanimous resolution, in the case of a two-lot scheme). However, upon the application of a proprietor of a lot or a strata company, the State Administrative Tribunal (SAT) may, order that the schedule of unit entitlement be amended.



# DETERMINING CAPITAL VALUE OF A LOT

Part 7 Section 54 of the Strata Titles (General) Regulations 2019 – Schedule of Unit Entitlements provides for:

(1) For the purposes of section 37(4), a determination of the capital value of a lot in a strata scheme that is made for the purposes of registering a schedule of unit entitlements, or an amendment of a schedule of unit entitlements, must be made in accordance with this regulation.

(2) A licensed valuer must determine the capital value of a lot as if it had the standard level of internal fit out and finishes for that lot.

(3) The standard level of internal fit out and finishes for a lot is the level of fit out and finishes that the licensed valuer determines to be a reasonable representation of the average expected level of fit out and finishes for lots in the strata scheme of that property type and of commensurate age.

(4) The standard level of internal fit out and finishes for a lot must be determined by the licensed valuer after —

(a) conducting a physical inspection of the parcel of land the subject of the strata scheme; and

(b) conducting an internal inspection of as many lots in the strata scheme as is reasonably practicable to enable the licensed valuer to make a reasonable assessment of the average expected level of fit out and finishes for lots of the same property type and of commensurate age; and

(c) taking into account any relevant information obtained from the strata company or on the strata plan.

(5) A licensed valuer must include in the capital value of a lot any buildings within the lot that have planning approval or approval under any other written law, whether or not shown on the strata plan.



## GARMONY

PROPERTY CONSULTANTS

# RELATIONSHIP BETWEEN A STRATA UNIT'S SALE PRICE AND ITS UNIT ENTITLEMENT

## DEFINITIONS

**Capital Value:** is defined in the Valuation of Land Act 1978 (WA), in the case of lots in a strata scheme:

Means the capital amount which an estate of fee simple in the land might reasonably be expected to realize upon sale — provided that where the capital value of land cannot reasonably be determined on such basis, the capital value of such land shall be the sum of, first, the unimproved value of the land, and, secondly, the estimated replacement cost of improvements to the land after making such allowance for obsolescence, physical depreciation, and such other factors as are appropriate in the circumstances;

With large strata complexes the second approach in my opinion requires numerous assumptions and opinions by the valuer or extensive and detailed reporting by numerous consultants in regards to building costs, depreciation schedules, assessment of land values etc. Not Practical.

**Site Value:** is defined in the Valuation of Land Act 1978 (WA),

site value of land means the capital amount that an estate of fee simple in the land might reasonably be expected to realize upon sale assuming that any improvements to the land, other than merged improvements, had not been made and, in the case of land that is reserved for a public purpose, assuming that the land may continue to be used for any purpose for which it is being used or could be used at the date of valuation;

**Market Value:** as per the Spencer Case (Spencer v The Commonwealth)

"The estimated amount for which the asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion."

Our Licensed Valuers are often appointed to determine the correct Unit Entitlement and assist the State Administrative Tribunal to resolve Strata Titled property disputes.

If you have any queries, regarding Strata Titled property valuations or Unit Entitlement assessments, please do not hesitate to contact one of our valuers.

A member of  CIVIC MJD AUSTRALIA