

# Frequently Asked Questions

## Annual market rent review

The following is a list of Frequently Asked Questions relating to the annual market rent review process.

### **Q: What is a market rent valuation?**

A: As per the *Defence Housing Australia (DHA) Lease Agreement*, each year DHA engages an independent registered market valuer to review your property's rent to market value.

### **Q: How often are DHA properties valued?**

A: As per the *DHA Lease Agreement* the market rent review of DHA property is conducted annually as at 31 December.

### **Q: Will the valuers physically inspect my property?**

A: The valuers are requested to physically inspect the property once every three years. The valuers have access to property details, photos, and floor plans to help inform the process. The valuers also maintain field notes on each property and DHA notifies the valuer of any recent inclusions to the property (i.e. pergola or air-conditioning).

### **Q: Can I have the capital value on my property?**

A: DHA is unable to provide this information as this is a specific service. The annual market rent valuation is only a rental valuation. If you would like a capital valuation, you can contact the valuer who carried out the market rent valuation to arrange. Their details are located on your rental certificate. Please be aware they may charge a fee for this service.

### **Q: How do the valuers value my property?**

A: In accordance with the *DHA Lease Agreement*, each year DHA engages an independent registered market valuer to review your property's rent to market value. The methodology adopted by valuers is in accordance with the Australian Property Institute's direct comparison method.

This method involves the review and comparison of "like properties" in the surrounding suburbs and vicinity which have recently been **confirmed as leased** by local real estate agents. The ideal comparison pool of properties will involve a mix that include 'superior', 'comparable', and 'inferior' attributes (these labels are consistent with terminology used by the valuers).

Based on market requirements, the valuer then determines the position of your property next to the comparison properties by reviewing attributes and appeal of the property. Once the order is determined, rents are applied in a range at which the property rent can be based. A common misconception is that the average values of the comparable properties will equate to the rental value of your property.

The properties listed on your rental certificate are provided as indicators and do not constitute the total market assessment or the total evidence base used to determine rent. The direct comparison method does not include averages or medians, as these are area-based and do not specifically reflect the property being valued.

**Q: Why are some of the comparable properties listed on the report not exactly the same as my property?**

A: This is because no two houses are the same. The valuers are aware of this and in the ranking process consider the differences between properties. This situation can also occur when the valuers are unable to find comparable properties in the same suburb. Consideration is then given to account for suburb variations. The intent is to get the most recent transaction of the most comparable properties closest to your property.

**Q: How do the valuers distinguish between a bedroom and study? What difference does this make to the market rent valuation?**

A: The naming of a bedroom or study does not impact the market rent valuation, as it is the size of the room that is added to the overall living area that is important. A property that is described as four bedrooms or three bedrooms/study would be valued the same as long as the other features and living area are all the same.

**Q: My property has air-conditioning but it is not listed in the property details and the comparable properties have air-conditioning listed. Has my property been unfairly valued?**

A: It is not always possible for the valuer to list all the amenities of your property in the space available on the report. In some cases, air-conditioning will be referenced as a feature that differentiates your property from comparable properties. In other cases, air-conditioning will not be specifically referenced, as your property and the comparable properties are all air-conditioned, and therefore will not impact the rental consideration.

Please note that omission of air-conditioning in your property description does not mean that air-conditioning has not been considered.

**Q: When will I be advised of the outcome of this process?**

A: From 1 January 2023, you will be able to view your rental certificate in Online Services, and the new rental amount will also be applied.

**Q: What if I am dissatisfied with the market rent valuation?**

A: If you are dissatisfied with the market valuer's assessment, or the new rate that has been implemented, your edition of the *DHA Lease Agreement* may allow you to pursue a secondary market rent valuation.

**Q: How long do I have to invoke the secondary market rent valuation process, and what is involved?**

A: You have 30 days to complete the secondary market rent valuation process.

<b>New rent assessed</b>	<b>31 December 2022</b>
<b>Secondary market rent valuation period begins</b> You must follow the steps outlined in the attached document, <i>Guidelines to pursuing the secondary market rent valuation</i> to complete the secondary market rent valuation process.	<b>2 January 2023</b>
<b>Final date to submit your independent secondary market rent valuation</b>	<b>10 February 2023</b>

If you wish to invoke your option for a secondary market rent valuation, you will need to notify DHA of your intention. You can do so by logging into Online Services via <https://online.dha.gov.au/>

Within your account, you can simply click the **Secondary Review Process** button. This will automatically notify us of your intention.

If you experience difficulty in logging into Online Services, please contact the DHA Valuations team via email [annual@dha.gov.au](mailto:annual@dha.gov.au) or call us on **139 DHA** (139 342) between 8.30am and 4.30pm AEST.

Alternatively, you can also advise us of your intention via email. Please include the property address and a statement of intent to progress the secondary market rent valuation process.

To complete the steps required for the secondary market rent valuation process, you must provide DHA with the valuation certificate carried out by a certified practicing and registered member of the Australian Property Institute in the State or Territory in which your DHA leased property is located by **10 February 2023**.

**Q: Is there a cost associated with the secondary market rent valuation process?**

A: Should you choose to organise a secondary market rent valuation for your property, it will be your responsibility to pay the cost associated. This cost will vary dependent on the valuer you choose. Regardless of the outcome, this cost is not refundable from DHA.

**Q: Can I use any valuer?**

A: You must use a certified practicing and registered valuer with the Australian Property Institute in the State or Territory where your leased property is located.

**Q: I will be on holidays in January, can I submit a late secondary market rent valuation?**

A: Unfortunately, you cannot submit a late secondary market rent valuation. Due to the agreement DHA has with Defence, and in accordance with your *DHA Lease Agreement*, the review period is limited to 30 days. The process then moves to the implementation stage, where there is no opportunity for further review without an alternate valuation in the system. In order to avoid disappointment, please ensure your secondary valuation is received prior to, or on the due date.

**Q: How long does the secondary market rent valuation review take once a secondary market rent valuation is submitted?**

A: The secondary market rent valuation review process requires the two valuers (DHA's independent valuer and your chosen valuer) to consider and agree on the range of evidence contained in the two reports. It should take no longer than four weeks for an outcome. However, the DHA Valuations team makes every effort to ensure a rapid response where possible.

**Q: I was speaking to a real estate agent and they suggested that I could get more rent in the open market?**

A: Real estate agents provide a market appraisal suggesting what your property may rent for if it was managed by their office. The real estate agent is not liable for that rate being achieved or required to substantiate how it was achieved.

A property valuer is a registered and insured professional and can be held liable for both the process undertaken and the values determined. A market appraisal from a real estate agent will not suffice for the secondary market rent valuation.

DHA cannot utilise rental appraisals as they are only intended as a guide to pricing. Appraisals are estimated by knowledge as well as recent sale prices of the local area. These should only be used as an estimation, as they are not definitive and have no legal standing. The market rent valuation for the purpose of the secondary market rent valuation process can only be conducted by a qualified valuer.

**Q: When will my new payments begin?**

A: Your new rent will be effective from **1 January 2023**. Any review or adjustment will be back paid to this date regardless of when the change is agreed.

**Q: Can I get an electronic copy of my rental certificate?**

A: As of **1 January 2023**, your valuation certificate will be available in Online Services. You will also receive an email notification. If you have difficulties logging into your account, please email your leased property details and your request to [annual@dha.gov.au](mailto:annual@dha.gov.au)