# Levels of Property Valuation Advice Guide

The Australian Property Institute (API) is the professional body for property valuers in Australia. This guide explains, in plain English, the levels of property valuation advice available in Australia and how to choose the right one for the decision you are making. It is general information, not advice. It reflects the API Rules of Professional Conduct (Rules) (effective 1 August 2025) and the International Valuation Standards (IVS) 2025 edition.

## Why this guide exists

Valuations are a big topic – especially with the recent changes to CGT and trusts, where valuations are critical aspects.

Many products are described as ‘valuations’, but not all valuations are the same or serve the same purpose. They differ in whether anyone inspected the property, the depth of research undertaken, what figure you receive at the end, and whether you can rely on the figure for a serious decision. This guide explains the levels of property valuation advice, from the most reliable to the least, and how to match the product to the decision you are making.

One rule sits behind everything in this guide: as the inspection becomes more limited and the valuer is permitted to check less, the accuracy of the figure decreases and the risk to anyone relying on it increases.

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## Three words people confuse

**A valuation** is a qualified valuer's opinion of value, at a specified date, prepared after a valuation process: a physical inspection of the property by a valuer plus all the enquiries, investigations and analysis needed to support the opinion. It is prepared under the API Rules by a valuer who is independent, insured and professionally accountable, and it is set out in a valuation report you, and others, can rely on for the stated purpose.

**An appraisal** in everyday Australian usage, is a real estate agent's estimate of what a property might sell for. It is a marketing opinion, often prepared to win a listing or frame an asking price. The agent is not required to be independent, follows no valuation standards in preparing it, and an appraisal cannot be relied on for tax, legal or financial decisions.

**An automated** estimate (often called an AVM, for automated valuation model) is a number produced by a statistical model. AI tools, including chatbots and apps that offer property price estimates, are now offered alongside AVMs; they do the same thing and carry the same limitations. No person inspects the property, and no valuer stands behind the figure. Automated estimates are useful for curiosity and portfolio tracking, and only in limited applications beyond that. An automated estimate is not a valuation.

## The four levels, from highest to lowest assurance

### Level 1. Comprehensive valuation report

The valuer physically inspects the property inside and out, makes all the necessary enquiries and analyses the evidence, then provides an opinion of value in a full report. This is the only level capable of fully meeting the International Valuation Standards, and it is the product designed to withstand later scrutiny. It is the appropriate level whenever the figure will be tested by someone else: tax matters (including capital gains tax), family law and other court or tribunal purposes, transactions between related parties, financial reporting, and significant lending or investment decisions.

### Level 2. Valuation report with a limited or kerbside inspection

The valuer physically inspects the property, but only partially, or only from the street (a kerbside inspection). It is still a valuation by a qualified valuer, but with reduced assurance. Because the valuer could not check everything, the report may not meet the full requirements of the International Valuation Standards, and it must clearly state what was and was not inspected and what effect the limitations have on your option of value. These reports suit purposes such as updating an earlier valuation or due diligence where the reduced scope is understood and accepted.

### Level 3. Desktop report

The valuer does not inspect the property at all. Working from records, data and photographs, the valuer provides a qualified opinion in the form of an indicative assessment of value. Under the API Rules a desktop is never an International Valuation Standards compliant valuation, and the report must say the property was not inspected and explain how that affects the figure. Desktop products are sold under many names, including hybrid AVMs, valuer-assisted AVMs and similar labels: if a qualified valuer genuinely prepares the report, it is a desktop report, and these rules apply to it. Desktop reports suit lower-stakes purposes such as updating an earlier report or monitoring.

### Level 4. Automated estimate (AVM or AI tool)

A statistical model or an AI tool produces the estimate which is suited to only limited applications. No valuer is involved, no inspection occurs, and the output is an indicative price estimate only, however confidently it is presented. Calling the output a valuation does not make it one. It is not a valuation product, and it is not covered by professional valuation Rules. Automated and AI estimates are suitable for limited applications such as portfolio monitoring and indexation, and for general interest and will not protect you during an ATO audit.

## A note on residential lending products

Banks and lenders use standardised residential products: the Property PRO report (a short-form valuation with a full internal and external physical inspection in a template created and overseen by the API), the Restricted Assessment (a kerbside inspection providing limited assurance, expressed as an indicative value range) and the Residential Desktop Assessment (no inspection, providing an indicative figure). These products exist so lenders can manage their own lending risk at a fast pace and an appropriate cost. They are designed for the lender's purpose. A report prepared for your bank is not suitable for your tax, legal or family matters; the level of the product, not the fact a valuer prepared it, determines what it can be used for.

## Matching the product to the decision

- If the figure will be tested by someone else, such as the ATO, a court, a lawyer, a co-owner or a beneficiary, use a Level 1 comprehensive valuation report.
- If the valuation report is to facilitate a transaction between related parties, such as family members or a family trust and its beneficiaries, there is no market price to point to. Independence is the safeguard, and a Level 1 report is the appropriate product.
- If you need a professional opinion on a property's value and the reduced scope is acceptable for your purpose, a Level 2 or Level 3 report may be appropriate, provided you read and accept the stated limitations.
- If you are curious about a price, or tracking a portfolio over time, a Level 4 automated or AI estimate may be a reasonable tool.

Timing also matters. Valuations are prepared as at a specific date. A report prepared close to that date is the strongest evidence of value at that date. A retrospective valuation, prepared later, is possible, but uncertainty and the room for dispute grow as time passes.

## Five questions to ask before relying on a figure

1. Was the property physically inspected, inside and out, and by whom?
2. Is the person a qualified valuer, such as an API Certified Practising Valuer?
3. Is the person independent of the property and the transaction, with a fee that does not depend on the outcome?
4. Does the report state its purpose and its limitations, and does it cover your intended use?
5. Would the report withstand review years from now, with evidence, reasoning and comparable sales set out?

## Three words people confuse

API Certified Practising Valuers are bound by the API Rules of Professional Conduct and the concepts of the International Valuation Standards. They must undertake continuing professional development, hold professional indemnity insurance, and are answerable to a disciplinary process.

Under the Rules, a valuation requires a physical inspection of the asset by the valuer. A desktop report, one prepared without an inspection, can therefore only ever produce an indicative value. Where a report is limited in scope, the Rules require those limitations, and their effect on your reliance, to be disclosed in the report.

This guide is general information for the community. It summarises, and does not replace, the API Rules and valuation standards. This document is not legal, tax or financial advice. For advice about your situation, speak to a qualified valuer or your professional adviser. To find an API Certified Practising Valuer near you, visit api.org.au.

# Levels of Property Valuation Advice

How much can you rely on the figure?

More Assurance

## 1 Comprehensive valuation report

**Inspection:** full, inside and out • **Valuer:** qualified and independent
**You receive:** an opinion of value in a full, defensible report

**Use it when the figure will be tested**
Tax (including CGT) • courts and family law • related-party deals • financial reporting

## 2 Valuation report, limited or kerbside inspection

**Inspection:** partial, or from the street only • **Valuer:** qualified and independent
**You receive:** a valuation with stated limits; may not meet the full IVS

**Use it when reduced scope is acceptable**
Updating an earlier valuation • due diligence where you accept the stated limits

## 3 Desktop report

**Inspection:** none • **Valuer:** qualified, working from data and records
**You receive:** an indicative value only; never an IVS compliant valuation

**Use it for lower-stakes purposes**
Refreshing a report • monitoring • also sold as hybrid or valuer-assisted AVMs

## 4 Automated estimate (AVM or AI tool)

**Inspection:** none • **Valuer:** none; a model or AI tool produces the number
**You receive:** a price estimate; not a valuation product

**Use it for general interest**
Curiosity about a price • tracking a portfolio over time • indexation

Less Assurance

*An agent's appraisal is a marketing estimate, not a valuation. It sits outside these levels.*

**Before you rely on a figure, ask:**
Inspected? • Qualified valuer? • Independent? • Fit for my purpose? • Defensible later?

Learn more at
**api.org.au**