

A2 MVAU definition

Explanatory notes

(3) **MVAU** is the value of land in its **highest and best alternative use**. This latter term means the most probable use of airport land, other than for **supplying specified airport services**, or a use to the extent that it is influenced by **specified airport services** which is physically possible, appropriately justified, supported by likely demand, legally permissible, financially feasible, and results in the highest valuation of the **land** in question.

A10 MVAU valuation steps

Requirement

In undertaking an **MVAU** valuation the **valuer** must-

- (a) establish and compile a schedule of the **land** parcels that are to be included in the **MVAU** valuation;
- (b) confirm ownership, tenure and aggregated **land** area;
- (c) determine the existing or underlying zoning of the **land** or designations, and the likely zoning of the **land** for the **highest and best alternative use**, including the likelihood of zoning change or uplifting of designations;
- (d) consider and determine the **highest and best alternative use**, which must be-
 - (i) physically possible;
 - (ii) appropriately justified;
 - (iii) supported by likely demand;
 - (iv) legally permissible; and
 - (v) financially feasible;
- (e) consider resource management (including reserve) requirements, amenities in the area, and access to services;
- (f) for notional subdivision / residual value approaches-
 - (i) Assess the current and future demand for potential alternative uses, including undertaking an independent underlying economic assessment (ideally in conjunction with an economist) to place the likely supply of the land in the context of the future demand environment for the area;
 - (ii) _____
 - (iii) prepare a land development plan (ideally in conjunction with an independent planner). This should demonstrate the likely credible highest and best alternative use development of the **land**. The alternative land use plan needs to provide evidence for the assessment of inputs into the notional subdivision / residual value approaches; determine market demand for the future supply of the type of land uses proposed in the land development plan;
 - (iv) in light of the likely market demand, determine the time period for the sale or realisation of the developed **land** in a notional subdivision or development;

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- (v) determine the direct costs of developing the **land**, including but not limited to, e.g. roading, supply of services, legal, sales costs etc.; and
 - (vi) determine any indirect costs of developing the **land** e.g. the developer's holding costs, **local authority** rates etc.;
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- (g) undertake market research and obtain comparable sales information to support the alternate **land** uses selected including both block sales and developed **land** sales if both a direct sales comparison and notional subdivision / residual value approaches are to be used;
 - (h) apply suitable adjusted market evidence to **airport land** as required, and taking account of whether a direct sales comparison or notional subdivision / residual value approaches are to be used;
 - (i) reconcile the results of the valuation approaches used and determine a final value for the **highest and best alternative use**; and
 - (j) prepare a valuation report, incorporating all disclosures required by the relevant **valuation standards**.

Explanatory notes

The steps outlined in clause A10 are required to achieve comparability between **airport** land valuations for the purpose of regulation under Part 4 of the **Act** and to allow a valuation to be understood in that context. These steps must be followed by a **valuer** in undertaking an **MVAU** valuation when valuing **airport land**.