

Legal, Tolerated, Illegal: IVS Market Value Definition and the “Legally Permissible”

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SUMMARY

The article argues that the valuer should adopt a wider interpretation of the requirement of legally permissible use than the wordings in paragraph 32 in the current IVS 2013 standards indicates. That would especially be necessary in informal markets, which typically will be found among poorer owners in the developing countries. Especially in those markets, the situations might be somewhere in the spectrum from clear illegality to some way of tolerated use or use which seems locally “legally” permissible, but is not considered so by the government or other authorities. I will point at two fundamentals for this argument. The first is that a strict interpretation will render the valuer without comparables in most informal markets and several other markets, including some market segments in developed countries. The second is that a strict interpretation will render the market value definition irrelevant for most purposes and actors in such markets. To demonstrate that these issues is not only relevant in informal markets, some examples are given from developed countries.

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