

April 2018
Valuing Unregistered Land



RICS Research Valuation of Unregistered Land – The Reality of Functioning Informal Land and Property Markets in Ghana, Peru & Indonesia

Ben Elder

RICS Global Director for Valuation



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IVSC Market Value

- ▶ Market Value is the estimated amount for which an *asset* or liability *should* exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- ▶ Estimated amount – Money!
- ▶ Highest & best use?
- ▶ Social Value
- ▶ Does the valuer have a role in informal markets?



Report Objectives:

- To identify the key informal market valuation issues
- To examine trends and strategies for the valuation of unregistered land:
 - a) valuation methods
 - b) challenges in the valuation process and
 - c) alternative notions of value.
- To develop policy recommendations:
 - governments (at various levels),
 - the valuation industry and
 - professional bodies

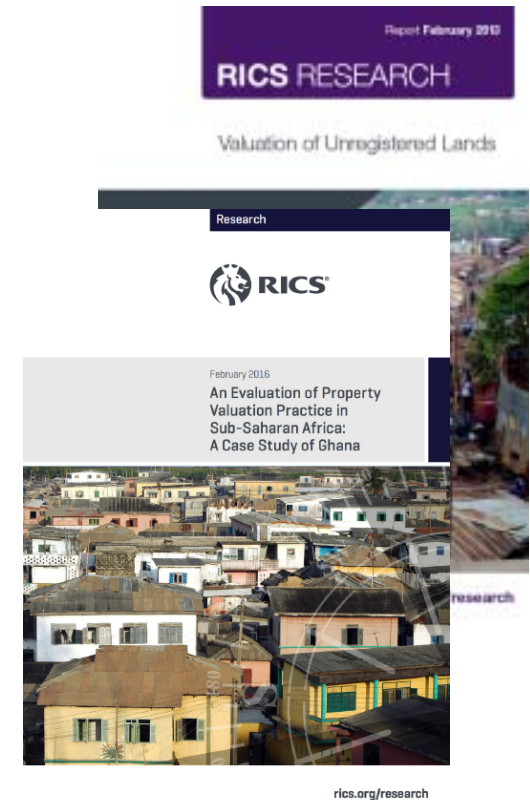
Background

Scant empirical evidence/research:

- how 'informal' land & property markets work
- what part 'professionals (surveyors/valuers) play within this process.
- Need to understand the appraisal/valuation methodologies in use and their suitability
- Rapid urbanisation bringing informal settlements into the formal markets

Fairness?

Data- comparable evidence?



Where:

Three different geographies:

- ▶ Ghana, with extensive experience of registering land;
- ▶ Peru, with extensive experience of registering title, and
- ▶ Indonesia, with experience of both.



Key findings are:

1. Local valuers have **adapted** or shown the potential to adapt established valuation methods to value different types of land/tenure- whether registered or unregistered.
2. The existing methods, however, often substantially **undervalue or overvalue** unregistered land.
3. Embracing the concept of '**reasonable value**' may help to address the problem of undervaluation.

Key Findings:

- ▶ ‘Compensation valuation’ is **not** hindered by the lack of registration but does lead to undervaluation.
- ▶ Formal registration is **not necessary for valuation** but can affect ‘value’ by improving tenure security.
- ▶ ‘Other’ forms of evidence of ownership in informal contexts may be **‘admissible in court’** and accepted by lending institutions.



Web: <http://www.rics.org/land>

Research



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