

**FIG/FAO ROUNDTABLE on VGGT and VALUATION
STANDARDS**

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**Market Value Definition – The Holy
Grail**

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties have acted knowledgeably, prudently and without compulsion.”

How achievable is this standard?

Price/Value Are Market Driven

Price is the actual observable exchange price in the open market

Value is an estimate of the price that would be achieved if the property were to be sold in the market

At the heart of the market mechanism is the pricing and valuation function and the requirement for the proper determination of property values.

Some of the Keys Issues – Compulsory Purchase

Under compulsory purchase the value standard has to recognise the concept of 'equivalence'

The value standard should have legislative authority

From a European perspective – European Convention on Human Rights (ART. 1 Protection of Property; ART 6 Right to a Fair Trial)

Some of the Keys Issues.....

For government, land and property is a vital resource, by which a wide range of public good and economic objectives are pursued.

The property market mechanism is the primary means by which access to these resources is obtained.

Some of the Keys Issues – Property Taxation

- Market efficiency
- Availability of transaction data
- Recording of transaction data
- Level of transfer taxes

IAAO support Market Value as the value standard in their *Guidance on International Mass Appraisal and Related Tax Policy (2014)*