

# Presenting a Guide to the Valuation of Unregistered Land

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## SUMMARY

For years now, the authors of this paper, amongst others, have reported in conferences such as this upon the difficulties of valuing property rights over real estate when there is little or no evidence available to support any such valuation. Because no two pieces of land are identical to one another, these difficulties are endemic in the land valuation profession: however, markets differ markedly in terms of degrees of difficulty of reading them.

A major variable in terms of those degrees of difficulty is the transparency and accountability of the land information infrastructure for that market. But that is by no means the only one because markets emerge from free relationships between people, not machines, and therefore involve complex decision-making processes, even if the transaction itself is a simple one.

While the issue of valuation still stretches the minds of the greatest economic theorists, the lodestar for the valuation of unregistered lands is the IVS definition of market value, which states that market value is the amount for which an asset or liability would exchange at the valuation date between a willing buyer and a willing seller in an arms-length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion. That is, it is a social imaginary, and the valuer's task is to read what that value would be if the assumptions and conditions of this definition were to be met. Any transaction that does not sufficiently comply with the standards required by both the market concerned and that definition are not evidence of value: any transaction that does do so may be such evidence when comparable, whether the land is registered or not. That principle applies whether or not land is registered.

It has been estimated that worldwide about 70% of land is unregistered, and that there are about 4.5 billion unregistered land parcels on Earth, compared to only 1.5 billion registered parcels. This

paper is to present the UN-HABITAT/GLTN guidebook for the valuation of such lands.

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