

# Land Valuation & Effective Land Transfer/Acquisition

Essential for emerging economies and informal markets

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UN WGIC

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# Content

*'We cannot solve our problems with the same level of thinking that created them.'* – Albert Einstein

*'There is no such thing as an investment without property rights that are negotiable and transferable.'* – De Soto

1. Introduction and context
2. Valuation of unregistered land – formalising the informal
3. Cause & effect – markets
4. Land Acquisition: a global issue
5. Standards
6. Conclusions



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

Background – there is scant empirical evidence and/or research on the reality of how ‘informal’ land & property markets work and what part ‘professionals (surveyors/valuers) play within this process.

As ‘market’ economics and external/internal investment reach into previously ‘informal’ or ‘social tenure’ domains there is a pressing need to understand the appraisal/valuation methodologies in use and their suitability

There is a growing awareness that the attribution of ‘value’ can act as strong platform for ‘tenure security’ and vice versa – this is not a linear process.

‘Value’ is critical for taxation and by extension service/infrastructure provision. Rapid urbanisation, mass acquisition, fair compensation.

Follow up on previous RICS research – 2012 & 2016

Help create an ‘empirical’ platform for other related initiatives – UN Habitat (GLTN), NUA, UN FAO



# Background – Formalising the informal

‘The opaque values of unregistered lands are a major cause of inequities and erode confidence of communities to support these development initiatives. This delays implementation, and frustrates transparently equitable compensation for unregistered properties, and results in unintended harmful long term consequences to affected parties’.

The objectives of the report are:

- To identify the key informal market valuation issues around the world
- To examine existing trends and strategies for the valuation of unregistered land in selected case studies by examining (1) valuation methods (2) challenges in the valuation process and (3) alternative notions of value in three case study countries.
- To develop policy recommendations for outlining actions needed by governments (at various levels), the valuation industry and professional bodies to ensure the land and property sector is better able to operate effectively in this environment.

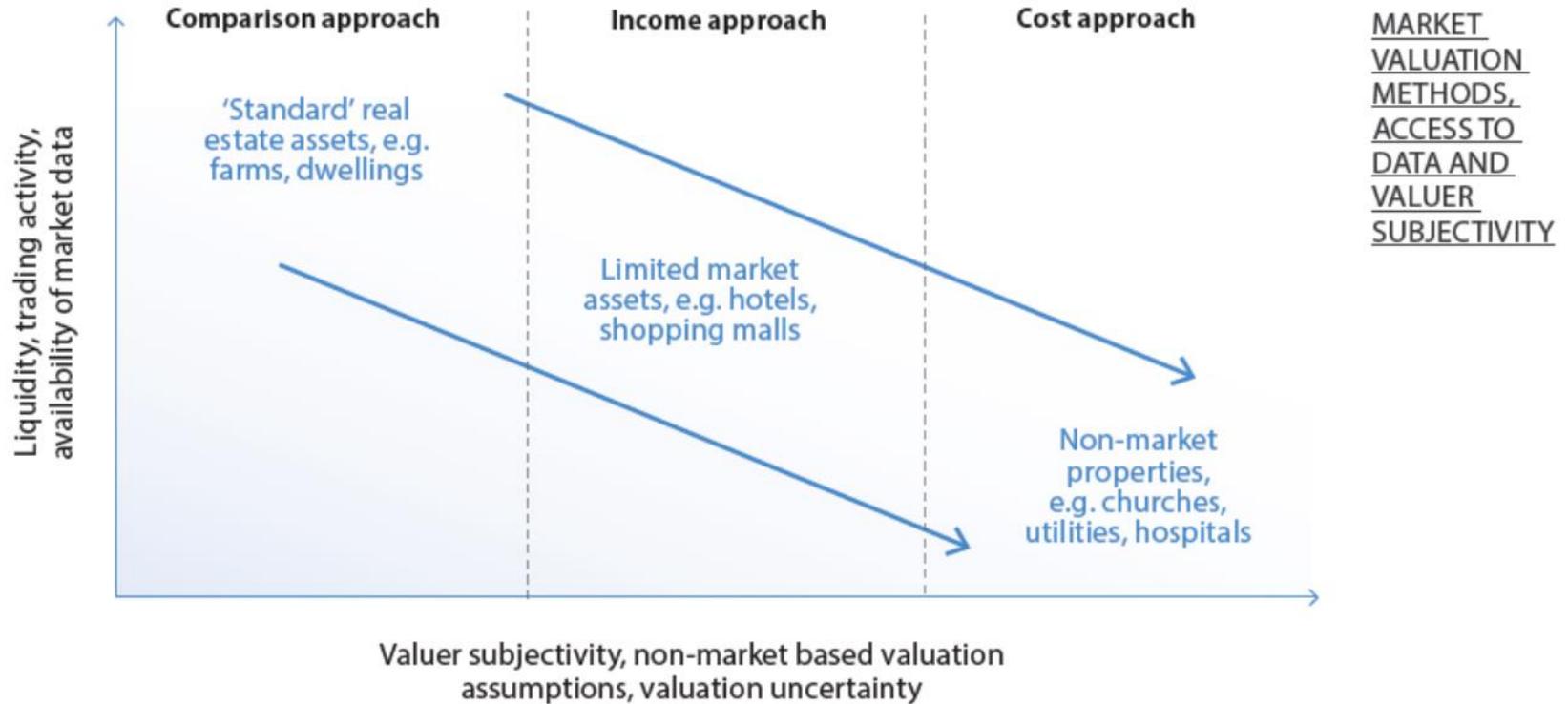
Three different geographies:

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



# Conclusions

Key high-level findings are:



## Land admin data – metrics & market effects

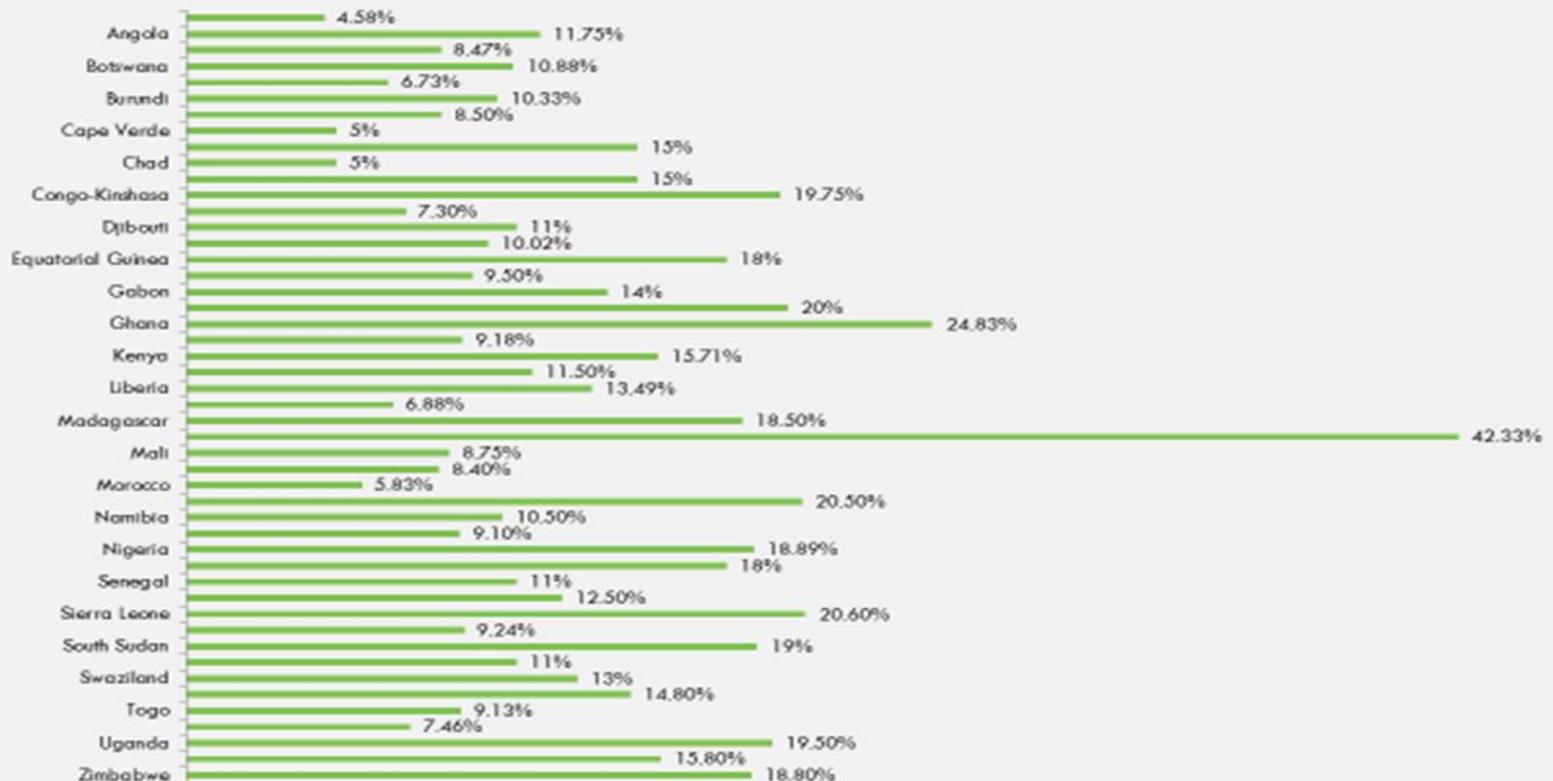
| Country   | World Bank Index (overall & Reg of property) | Property Taxation (GDP)/Mortgage rate | Corruption index |
|-----------|--|---------------------------------------|------------------|
| Ghana     | 120/119                                      | 0.03 / 24.83%                         | 81/180           |
| Indonesia | 72/106                                       | 0.35 / 11.00%                         | 96/180           |
| Peru      | 58/44  | 0.21 / 6.00%                          | 96/180           |
| OECD      | 27/44  | 1.91 / 2.00%                          | Top 20           |

- <http://www.doingbusiness.org/data/exploretopics/registering-property>
- [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017)
- <https://data.oecd.org/tax/tax-on-property.htm>
- <http://www.landmarkmap.org/>
- <http://mirror.gltm.net/index.php/land-tools/gltm-land-tools/global-land-indicators-initiative-glii>
- <https://www.prindex.net/>

# Land admin data – metrics & market effects

## Affordability Issue: double digits interest rates deter borrowers

### Average mortgage interest rates in Africa, 2015



# A developing portfolio

VOLUNTARY Resettlement: A Guide to Good Practice  
OF LAND, FINANCING AND THE CONTEXT OF DEVELOPMENT

FIG PUBLICATION NO 67

FIG REPC

FIG PUBLICATION NO 64

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Food and Agricultural Organization of the United Nations

REPORT 01 / 2018

Property Tax in Developing Economies

Computing and Recommendations

Valuing Land  
A technical guide on valuing forests  
Guidelines on the Responsible Valuation of Forests in the Context of National Accounts

VALUATION OF UNREGISTERED LANDS  
A Policy Guide

SECURING LAND AND PROPERTY RIGHTS FOR ALL

CFS  
Committee on World Food Security

UN-HABITAT  
FOR A BETTER URBAN FUTURE

FIG  
INTERNATIONAL FEDERATION OF REAL ESTATE COUNCILS

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FOR A BETTER URBAN FUTURE

FIG  
INTERNATIONAL FEDERATION OF REAL ESTATE COUNCILS

GLTN  
GLOBAL LAND TOOL NETWORK

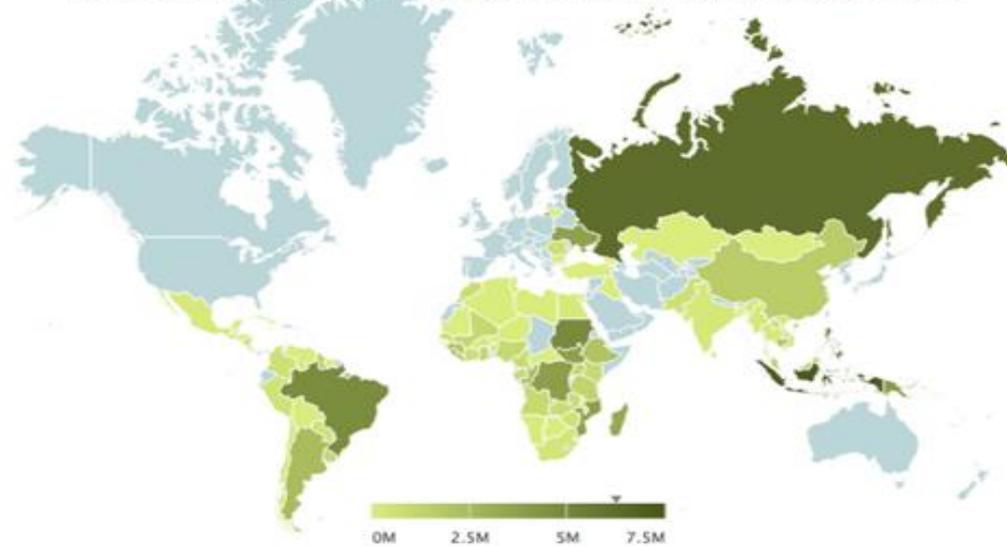


# Land Acquisition – a global rural & urban issue

Total Hectares in deals 2000-2016

## Total Hectares in deals – 2000–2016

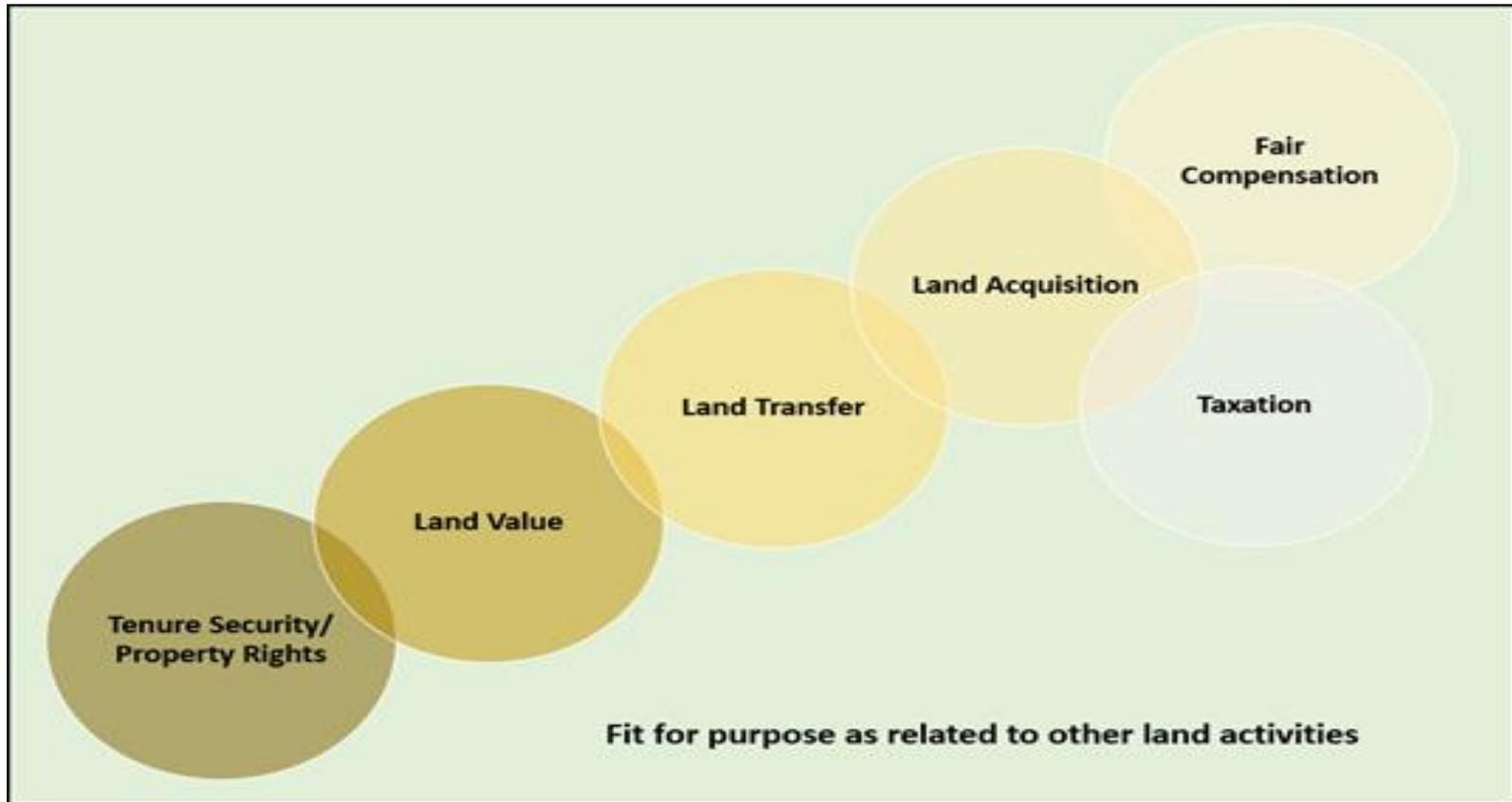
Total Area (ha) calculated as the sum of all deals, in a given country over the period 2000–2015. A "deal" is referred to as an intended, concluded or failed attempt to acquire at least 200 Ha of land through purchase, lease or concession. It can be compared to the Total Number of Deals.



- India: Total hectares bought: 5,420,209 (about 13.4 million acres)
- USA: Total hectares bought: 4,136,973 (about 10.2 million acres)
- UK: Total hectares bought: 3,008,472 (about 7.4 million acres)
- South Korea: Total hectares bought: 2,696,297 (about 6.7 million acres)

# ILMS – fit for purpose connectivity

Enabled by land administration and geospatial information



# International standards – working together



## The 7 key land information elements of ILMS

- Both a standard and a framework for reporting
- Aim to reduce risks in the land transfer process by creating consistency of application and facilitating and supporting land governance, robust conveyancing, secure lending and land registration
- Goal: to support global consistency by setting standards for classifying, defining, measuring, analysing, presenting and reporting land information
- Can be applied at a project, regional, state, national or international level
- 7 key elements required during a ‘due diligence’ process
- Flexibility to take informal data sources and add a ‘risk’ status
- Powered by LADM data and market information
- A ‘tractor engine for a tractor’

# Conclusions

- Informal markets are so large that they are the ‘de-facto’ market in emerging economies
- UN GGIM Framework for effective land administration underlines importance of current, comprehensive and credible data
- Attribution of ‘value’ and ‘taxation’ as a legitimate form of tenure securitisation
- Market value? Is volatile – ‘reasonable value’ concepts
- De-risk the internal and external investment in land and property
- Aid efficiency and fair compensation in Large Scale Land (urban & rural) Acquisition
- Help deliver large scale infrastructure and sustainable urban expansion
- All enabled by Geospatial information but **it is time to engage with global financial sectors**

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FIG Comm 9 - vice chair

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