

# **Education of Valuers in FIG**

## **– What has been Achieved and How the Work Will be Continued**

**Kauko VIITANEN, Finland**

**Key words:** Education, Valuation, Real Estate, Surveying, Land Management.

### **SUMMARY**

In Prague in May 2000 a Joint Commission 2 and 9 Working Group titled *Education of valuers* (chair Kauko Viitanen, Finland) was grounded. The number is now WG 9.1.

The idea is to create a network and a forum for education on valuation within FIG. The education shall be based on achievements in the Commission 2 in continuous development and management. This shall be realised by computer-assisted learning.

The original idea for the program was as follows:

- Education on valuation through information network in FIG shall be offered to those in need (an integrated virtual learning environment). Let education move, not the people.
- Educational ladder.  
A stepped way of advancing shall be planned for improving the knowledge of valuation. The following shall be determined:
  - terminology,
  - basic theories,
  - basic methodology, etc.
- A databank on the homepage of FIG.  
An educational package of valuation should be created and offered on the homepage of FIG. The developing countries and those under transition economy should intentionally be chosen as the target group.
- Co-operation in education / a network for supporting the contact persons.  
A network with the universities, the associations for valuation, etc. shall be created in order to get support for further problems and issues.

# **Education of Valuers in FIG**

## **– What Has Been Achieved and How the Work Will Be Continued**

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### **1. INTRODUCTION**

In Prague in May 2000 a Joint Commission 2 and 9 Working Group titled *Education of valuers* was grounded. The goals of the WG were presented in the Seoul Working Week, 2001. The idea is to create a network and a forum for education on valuation within FIG. The education shall be based on achievements in the Commission 2 in continuous development and management. This shall be realised by creating and offering an educational package of valuation on the FIG website. It was agreed that the work should be started at the text level, i.e. by providing educational material and articles on valuation on the websites. The educational material would mainly not be produced self, but for that part links to the web pages maintained by educational institutions, etc., would be established. The Working Group strives to encourage future research papers for presentation at FIG events and their publication on the Commission 9 website. The idea is not to make experts in valuation merely by the information provided by FIG, it always calls for education in the field. The website would mainly serve as a channel for information exchange and retrieval among the surveyors performing as valuers and teachers, and among the students. It would also help the authorities and decision-makers to adopt the necessary elementary knowledge for preparing and applying their national regulations and developing their systems for valuation and compensation. Thus the objective is also to create an easy system for acquiring basic information of valuation for those who need it.

### **2. ACHIEVEMENTS**

The Working Group has not acted by itself, but closely with the rest of the Commission 9. The achievements are not obtained by the Working Group alone, but they must be considered as achievements of the whole Commission. Contacts with the Commission 2 have yet been rather few due to the fact that the operational model prepared by WG2.2 is still under development. The following lists the presentations dealing with valuation held at the FIG meetings during the existence of the Working Group, and treats with the valuation material published on the web.

### **3. PRESENTATIONS**

The recent FIG meetings have actively treated with valuation matters, and fairly many presentations on the subject have been given. The presentations total over 50, more than 30 of which in Washington. The presentations are mainly published on the web, where they are in full view of everyone interested. The following is a list of the presentations. It is not quite comprehensive, as a part of the presentations is focused on several areas of the Commission, and may therefore be missed in the list.

### **3.1 Seoul 2001**

Kauko Viitanen (Finland): Education of Valuers - Goals to Be Reached in FIG  
Stephen Yip (Hong Kong, China): The Emerging Valuation Profession in China

Sangho Lee (Korea): The Changes of Korean Appraisal Market

Michael Mürle (Germany): Assessment of the Market Value of Real Estate with Private Housebuilding Derived from the Summation Method of Valuation with Adjustment to Current Market Value

Sangkyu Kim (Korea): Appraisal of the Land Inconsistent with the Cadastral Records

### **3.2 Nairobi 2001**

Gebhard Banko and Reinfried Mansberger (Austria): Assessment of "Non Monetary Values of Land" for Natural Resource Management Using Spatial Indicators

### **3.3 Washington D.C. 2002**

G. Michael Yovino-Young, USA: Chairman's Report: Commission 9 1998-2002

Ian Wilson, Stuart Paris, Andrew Ware and David Jenkins, United Kingdom: Residential Price Forecasting at National and Regional Levels

Frances Plimmer, United Kingdom, William McCluskey, New Zealand and Owen Connellan, United Kingdom: Property Taxation - Value Banding

Simon Adcock, Australia: Managing Risks in Property Exposure via Valuations / Appraisal Assessment

Raúl R. Barcelata, México: Commercial Values of Properties for Tax Purposes

Steponas Deveikis and Arvydas Bagdonavicius, Lithuania: Towards an Efficient Property Markets in Lithuania - The Impact on Valuation

Nick Nunnington and Dr. Tom Kennie, United Kingdom: Property Valuation & Management: In the eye of the tornado of change: A model of the major challenges facing the real estate profession

Leonie Newnham, Simon Adcock and Jack Dunham, Australia: Valuation Best Practice Changing a Largely Paper Based System to a Fully Electronic Valuation System - The Victorian Experience

Dr. Andrzej Hopfer and Lukasz Zuk, Poland: Methodological and Practical Aspects of Rural Land Market Assessment – the Polish Example

Tony Vickers and Mark Thurstain-Goodwin, United Kingdom: Visualising Landvaluescape without a Cadastre

Hülya Demir, Mehmet Gür and Volkan Cagdas, Turkey: Land Consolidation, Valuation and Cadastre

Kauko Viitanen, Finland: Education of Valuers: Plans for the Coming Period - Working Group Report

Alfred Bollinger, Switzerland: New Swiss Guidelines for Valuation of Agricultural Ground Include Ecological Values and Support Sustainable Development

Tuomo Heinonen, Finland: Education of Valuers - Experiences in Developing Cambodia

Henning Elmstrøm, Denmark: Valuation Legislation Purposes in Selected Countries

Brian Waldy, United Kingdom: The Role of International Valuation Standards in the Provision of Funding for Development

John A. Edge, Chairman-Elect and UK Representative to IVSC, United Kingdom: The Globalization of Real Estate Valuation

Dr. Sarah Sayce, Owen Connellan and Dr. Frances Plimmer, United Kingdom: Global Standards for a Global Profession: Developing Understanding of 'Value in Use'

Matthew S. Myers, Fiji: International Valuation Standards: Another form of imperialistic colonisation of lesser-developed countries?

Kauko Viitanen, Finland: Just Compensation in Expropriation?

Dieter Kertscher, Germany: On the Way to a Valuation GIS / Valuation Information System

Eero Carlson, Finland: Kohonen Map, GIS and the Analysis of Real Estate Sales

David Smejkal, Czech Republic: Market Appraisal of Real Estate in the Czech Republic via Software

Vida Maliene, Arturas Kaklauskas and Edmundas Kazimieras Zavadskas, Lithuania: Application of a New Multiple Criteria Analysis Method in the Valuation of Property

Jean-Louis Dargere, France: Valuation of Hotels in France

Yaacoub Saade, Lebanon: The Real Estate Management in Lebanon and the Influence of the Urban Planning and Cadastre on the Valuation (not presented)

Mehmet Gur, Volkan Cagdas and Hülya Demir, Turkey: A General Overview Real Estate Valuation Applications in Turkey

Krzysztof Koreleski, Poland: Appraisal of the Environment and Social Values of Woodlands

Timothy Eccles and Andrew Holt. United Kingdom: Accounting Versus Surveying: Value as a Professional Paradigm

Gitonga Aritho, Kenya: Valuation Issues in Compensation and Resettlement Action Plans: The case of Kwale Titanium Minerals Project in Kenya

Ruud M. Kathmann, The Netherlands: Valuation is Computerised: Market Analysis is Business

Kaberere Ndungu, Mwenda Makathimo and Mary Kaaria, Kenya: The Challenges in Globalisation of Valuation Profession – Lessons from Nairobi Kenya

Roundtable Discussion on the Role of Valuation Standards, Joint Session of FIG Commission 9 and International Valuation Standards Committee IVSC, Chair: Brian Waldy, FIG Commission 9, United Kingdom, Roundtable discussion on the international valuation standards with contributions from the World Bank, FIG, IVSC and the Appraisal Institute. Greg McNamara, Australia, Chair of the International Valuations Standards Committee IVSC

### **3.4 Paris 2003**

Frances Plimmer and Greg McGill (United Kingdom): Land Value Taxation: Betterment Taxation in England and the Potential for Change

Saad S. Yahya (Kenya): The Valuation of Exotics. (not presented)

Simon Adcock and Ed Young (Australia): Addressing Environmental Issues in Valuation / Appraisal Assessments

Kauko Viitanen (Finland): Education of Valuers - Visual Explorations in Real Estate Market with Neural Networks

David Smejkal (Czech Republic): Software Support for Valuers

Ruud M. Kathmann (Netherlands): Mass Valuation in the Netherlands – From Fiscal Valuation to Multi-Purpose Valuation

Medard Lucas Geho (Tanzania): Prospects of Applying Computer Aided Mass Valuation in Tanzania (not presented)

Albina Aleksiene and Arvydas Bagdonavicius (Lithuania): Developing and Implementing Mass Appraisal System in Lithuania

Posters:

Dieter Kertscher (Germany): The German Digital Purchase Price Collection – Maintenance, Use, Results

Simon Adcock (Australia): GIS & GPS Applications in Valuation / Appraisal Assessments

### **3.5 Marrakech 2003**

Volkan Cagdas, Mehmet Gür and Vildan Kurt (Turkey): Property Taxation and Land Management

Frances Plimmer (United Kingdom): Cloud Cuckoo Land – An Overview of the Method of Valuation for Local Property Tax (Rates) in the United Kingdom

Frances Plimmer and Nigel Dubben (United Kingdom): The Land of Make Believe: An Overview of the Assessment of Compensation for Land Taken on Compulsory Acquisition in the United Kingdom

## **4. EDUCATIONAL MATERIAL ON THE WEB**

Finding the existing web material on valuation has been more difficult than expected. The main reason seems to be that high-quality and open material dealing with valuation is not much stored on the web.

The most important step in developing valuation activity has been the latest version of the IVS 2003 standard openly published on the web by International Valuation Standards Committee. Here the activity of the IVSC deserves sincere thanks from FIG. The international valuation standard is a foundation for worldwide valuation activity, and thus essential guideline also for the FIG members when performing in valuation tasks. The web address for the standard is [www.ivsc.org](http://www.ivsc.org).

The most extensive of the open educational material on the web seems to be the one of New York University, Leonard N. Stern School of Business, dealing with financing. The material also includes valuation to a substantial extent. The perspective is that of investment and commerce, and therefore somewhat outside the traditional line of the surveying business, but yet very useful for the surveyors. But, on the other hand, the activity of FIG has already expanded so that it covers the said perspectives to a very large extent. You find the material at <http://pages.stern.nyu.edu/~adamodar/>.

Related to the activity of this Working Group I presented at the Paris meeting the valuation material based on the Finnish neural network studies “Visual Explorations in Real Estate Market” collected by Eero Carlson and stored on the website of Helsinki University of Technology. The online publication gives a good picture how to use the Kohonen Map in analyses of the real estate market and also a picture of the valuation studies done in Finland

by the Kohonen Map in the past 10 years. The study is published on the website of the Real Estate Studies for guaranteeing its most flexible utilisation in research and teaching:  
<http://www.hut.fi/Yksikot/Kiinteisto/julkaisut/verkkojulkaisut/carlson/index.html>.

There is also other web material on valuation, but the discovered links are mainly rather brief or individual articles. It requires further consideration whether they are worth linking on the Commission website. Besides the quality of the material another problem is the permanency of the links. The said sources are also easily discovered by the modern sophisticated search engines, although I must admit that with the valuation search words the number of hits amounts to enormous, but the sources are nearly always demonstration pages of enterprises and associations, etc.

## 5. FIG VALUATION PAGES

The actual valuation pages have not yet been created on the website of FIG Commission 9. They are still waiting for the overall solution of the Commission website under construction.

## 6. FURTHER ACTIONS

A part of the original objectives of the Working Group seems to be realised through other routes. Within FIG it seems neither possible nor desirable to try to maintain basic educational material of our own. This task must be left with the educational institutions in the field. FIG should neither start to develop basic valuation standards. This should be left with the specialised organisations, especially IVSC. FIG should, instead, promote the introduction of valuation standards, and participate in the development of the standards by working with and supporting the maintainers of the standards. FIG could especially offer its support e.g. in mass appraisal, valuation and compensation in situations where land is readjusted or expropriated, and valuations related to the activities of land management, since, at least at the moment, these areas are missing from the international valuation standards. The surveyors, instead, have plenty of experience in the valuations in question.

A special association, World Association of Valuation Organisations (WAVO) was established for promoting the introduction of IVS Standards.

*“The mission of WAVO is the worldwide development and enhancement of the property valuation and related counselling/consulting profession by the provision of services of consistently high quality and uniformity in the public interest. WAVO will carry out its mission by seeking to promote best valuation practices, encouraging the adoption of the IVS as a basic robust and consistent standard, supporting and encouraging higher education and promoting lifelong learning both among its Members, their members and in the property valuation and related counselling/consulting profession generally.” (Invitation, WAVO meeting in Hong Kong 13.10.2003)*

WAVO’s objectives seem to be much the same as FIG’s, so contacts with this organisation are important.

During this year the Working Group will contact organisations of the valuation branch and try to get their representatives perform and discuss in the FIG events. The potentials for

arranging a separate Workshop dealing with the education of real estate valuation together with Commission 2 will be investigated at the same time.

The structure and contents of the valuation information produced and maintained by Commission 9 will be decided upon together with the construction of the Commission website. The objective is, however, to establish a website with an educational package of valuation with hyperlinks to websites for distance learning and valuation organisations.

As the most important task of Commission 9 in the field of valuation education seems to be the active and high-quality participation in the meetings arranged by FIG, the Working Group shall still strive to look for ways to reach out to academia, both faculty and students, to encourage future research papers for presentation at the FIG events. Further, it will interact with other FIG commissions, especially Com 1 – Professional Standards and Com 2 – Professional Education, in matters related to valuation practices and protocols.

The final report will be given at the FIG Congress in Munich in 2006 when also the educational package of valuation should be available to be used on the FIG website.

In reality the most activities of the Working Group will continue even after 2006. The information from Com 2 WG 2.2 Virtual Academy points out that its work will also continue at least until 2006, and before that the material in Virtual Academy will be mainly experimental.

## **CONTACT**

Kauko Viitanen  
Professor in Real Estate Economics and Valuation  
Helsinki University of Technology  
Institute of Real Estate Studies  
P.O. Box 1200  
FIN-02015 HUT  
FINLAND  
Tel. + 358 9 451 3870  
Fax + 358 9 465 077  
Mobile +358 50 560 3873  
E-mail: kauko.viitanen@hut.fi