AN APPROACH FOR RE-ENGINEERING ORGANIZATIONAL STRUCTURE OF REAL ESTATE VALUATION SYSTEM IN TURKEY

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TURKEY

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Introduction

Real estate values are needed in a wide range of applications.

and the others...

Many public and private organizations need real estate values.

and the others...
Current Regulations

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LEGISLATION</th>
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<td>1924</td>
<td>Village Law (442)</td>
<td>1982</td>
<td>The Constitution of the Republic of Turkey</td>
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<td>1934</td>
<td>Land Registry Law (2644)</td>
<td>1983</td>
<td>Expropriation Law (2942)</td>
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<td>1961</td>
<td>Income Tax Law (193)</td>
<td>1984</td>
<td>Agricultural Land Reform Law (3083)</td>
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<td>1964</td>
<td>Charges Law (492)</td>
<td>1985</td>
<td>Land Development Law (3194)</td>
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<td>1964</td>
<td>Land Development and Evaluation Law (1169)</td>
<td>1987</td>
<td>Cadastre Law (3402)</td>
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<td>1965</td>
<td>Condominium Law (634)</td>
<td>2001</td>
<td>Turkish Civil Code (4721)</td>
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<td>1970</td>
<td>Immovable Property Tax Law (1319)</td>
<td>2005</td>
<td>Municipality Law (5393)</td>
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<td>1981</td>
<td>Capital Markets Law (2499)</td>
<td>2012</td>
<td>Law on Redevelopment of Areas Under Disaster Risk (6306)</td>
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and more...

Historical Development

some crucial steps have been taken in appraisal such as:

- 2001: Appraisers’ Association was established in Turkey (DUD).
- 2001: Capital Markets Board of Turkey (CMB) made arrangements for Appraisal Companies.
- 2002: Instructors were trained at a University for Appraisal Principles Course.
- 2002: CMB gave the first exam for certification of appraisers.
Historical Development

some crucial steps have been taken in appraisal such as;

✓ 2002: CMB carried out the first exam for certification of appraisers.

✓ 2007: The concept of real estate appraiser has entered to our laws with mortgage law in the first time.

✓ 2007: Association of Licensed Appraisal Companies was established as a platform.

✓ 2010: The Turkish Union of Real Estate Appraisers (UREA) was established.

Current Organizations

Capital Markets Board of Turkey

Turkish Union of Real Estate Appraisers

Association of Licensed Appraisal Companies

Appraisers Association
Current Situation

- Valuations are carried out by real estate valuation commissions and licensed/unlicensed private appraisers.
- The commissions make valuations for several purposes in their institutions and are composed of members from several disciplines.
- Except the technical people in suits for expropriation, commission members do not have to have a license or certificate.

Number of the appraisal reports prepared by the Turkish licensed appraisers is 700,000 per annum.

In the last 30 years, 143 Master’s Thesis + 28 PhD Thesis have been published in the country.
The New “Property Valuation” Project

**AIM:**
The Project will investigate and develop policies and institutional options for the introduction of the property valuation function in Turkey in line with international best practices.

Policy Development
Pilot Implementation
Capacity Building

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**Basic Steps of The Re-Structuring Process - 1**

- Implementation of a comprehensive analysis on the current situation of the real estate valuation system in Turkey
- Investigation of expectations of valuation experts from the new system
- Identification of good practices in real estate valuation
- Examining good practices to get inspirations for Turkey
Basic Steps of The Re-Structuring Process – 2

- Developing a legal, organizational and technical valuation model for Turkey
- Discussing the developed model with experts and, if necessary, carrying out some revisions
- Implementing the model in a pilot area
- Determining the final form of the model considering the issues experienced during the pilot project

An Approach for Re-Engineering Organizational Structure of Real Estate Valuation System in Turkey

Conclusion

There is need for:

- re-engineering in real estate valuation system in Turkey,
- a leading institution is established to manage and organize all valuations carried out for different purposes throughout the country.
In this context, it is recommended that:

- Municipalities should carry out taxation based real estate valuations.
- This must be done with mass valuation methods.
- In this process, if the relevant municipality does not have adequate infrastructure and experience, valuations can be carried out by tendering process.
- It means, private companies of real estate valuation can perform the mass appraisal works.

In this context, it is recommended that:

- For this, building up infrastructures for both real estate characteristics and sales prices are very important.
- Private companies can also provide data for those infrastructures and thus all reliable information can be shared between public and private organizations.
- The valuations for expropriations and other purposes should also be made by the experts based on the appropriate regulations.
Thank you..