

# **EDUCATION OF VALUERS - GOALS TO BE REACHED IN FIG**

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## **1. INTRODUCTION**

In the field of real estate valuation many forces for change can be seen at the moment. The most active ones seem to be the standardisation of valuation and certification of valuers. The main actors in the European context are the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Associations (TEGoVA). Both of the organisations are making, and have published, standards for valuation (IVS 2000; EVS 2000). There are also other main actors, e.g. in America (USPAP) and Asia, with similar strives. It is a little bit confusing that valuation needs many different kinds of standards when the methods are still the same and the legislative and cultural factors are national and local.

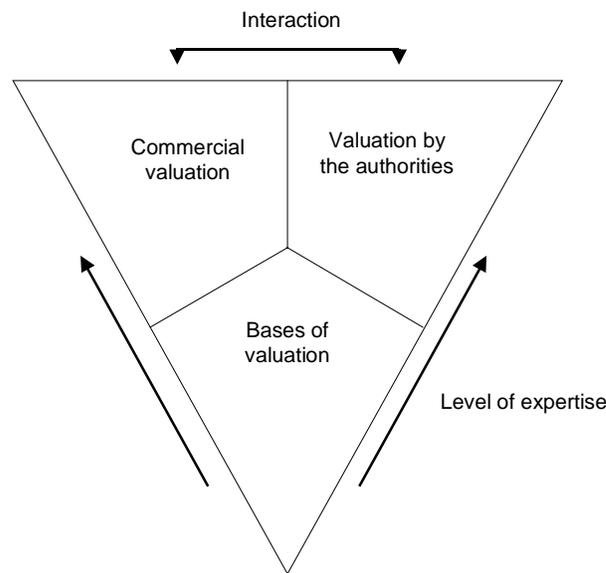
The present valuation standards were in the first place made for commercial purposes in situations where special expertise is needed for collecting and analysing information and data connected to real estates and the real estate market. The standards are also written for valuation specialists - people who are already familiar with the basic matters. The standards strive to harmonise valuation methods and procedures, and enhance the trust in valuations. That is why the standards are mainly rather wide, detailed, and difficult to understand for others than the valuers, and also expensive. On the other hand, their definitions can also be questioned, as e.g. Lind (1997) has done for the definition for the market value. One has to admit that the present standards are not meant to act as a textbook for learning the basis of valuation or familiarising with the use of valuation reports. Neither are they meant for valuation of compensations and developing the procedures for these purposes.

For the past few years I have been worried about real estate valuation among the surveyors. It seems to me that many efforts are being made, e.g. by TEGoVA and IVSC, but they are mainly dealing with commercial built real estates, i.e. valuation of expensive real estates bringing in substantial commissions. There are many countries, which do not have a strong real estate market. On the other hand, the main problem is how to implement or renew the infrastructure, housing, agriculture, and forestry, etc. There are many important tasks to be done, and these tasks often fall on the surveyors.

## **2. GOALS FOR DEVELOPING REAL ESTATE VALUATION WITHIN FIG**

An important issue with the efforts of developing urban and rural areas is the value of land and improvements, cost, compensations, etc. With a better knowledge of valuation among the local surveyors, civil servants, politicians, landowners and ordinary people the outcome of the projects could also be better and more acceptable among the participants.

I am convinced that FIG should work in the field of valuation especially for enhancing the surveyors' knowledge of the subjects valued and understanding of the principles of value formation. I believe that it is neither FIG's duty to create new valuation standards nor to arrange education for the commercial valuation sector. In the commercial sector there are standards and active associations. Within the existing resources FIG should, however, promote the know-how on real estate valuation and development of the valuation activities in the member associations and also in those countries still lacking advanced valuation systems. The valuation systems by the authorities are functioning well in most of the countries but contacts between the countries seem to be rather modest. The valuation systems in the developing countries and countries in transition are normally quite inadequate. When land is readjusted changes in the real estate structure and valuations are needed. The need for familiarising the bases of valuation and compensations could be the target area for FIG. Knowledge and level of expertise grows from the bases of valuation to commercial valuation and/or to valuation by the authorities e.g. valuation for compensation in compulsory purchase (Figure 1).



**Figure 1.** Triangle of real estate valuation.

It shall be FIG's duty to give education on the principles of valuation methods in a straightforward and clear manner. This would enhance the valuation process and comprehension of its status, and also improve the valuation expertise in the countries lacking solvent commercial valuation market. In addition to the actual valuation FIG should also give education on applying valuation in practice and instruct in preparing various tools for valuation, e.g. price statistics. The focus here shall be in the developing countries.

FIG should also give training in valuation of compensation and in the impacts and possibilities of various regulations, in order to help the authorities and decision-makers adopt the necessary elementary knowledge for preparing and applying their national

regulations and developing their systems for valuation of compensation. FIG could even create an economical system for acquiring basic information of valuation for those who need it. Here the focus for FIG could be a little higher than in the bases. There is much to be developed in knowledge of valuation for compensations, damages, losses, etc.

The beneficiaries of the activities of FIG in valuation shall be, for example, distance learning students, individual surveyors, civil servants, politicians, landowners, employers, universities and university teachers, etc.

### **3. MEANS FOR REACHING THE GOALS**

There is a broad knowledge of valuation among the surveyors in FIG and that is why it should be possible to bring this knowledge into use in the whole world. The enhancement of the common knowledge of valuation could also add to the possibilities of better achievements in developing the societies, because valuation improves the understanding of people's behaviour and helps to develop the methods for fair treatment of people, e.g. in land use planning, not to forget the basic criteria for sustainable development and environmental protection.

The idea is to create a network for the education on valuation in FIG. For that purpose FIG has in Prague in May 2000 grounded a Joint Commission 2 and 9 Working Group titled *Education of valuers*. The education shall be based on the achievements of Commission 2 in continuous professional development and management. Thus the idea is to combine the new ideas developed in Commission 2 with the needs and knowledge of valuation in the field. The goals shall be realised by computer assisted learning.

The idea for the program is as follows:

1. Education on valuation through the FIG information network shall be offered to those who need it (an integrated virtual learning environment). Let the education move, not the people.
2. Educational ladder.  
A system of gradual development shall be planned to improve the knowledge of valuation. The following shall be determined:
  - a) terminology
  - b) basic theories
  - c) basic methodology
3. A databank on the FIG web site.  
An educational package of valuation should be created and offered on the FIG web site. The developing countries and those in transition should intentionally be selected as the target group.
4. Co-operation in education / a network for supporting the contact persons.  
A network of people from the universities, valuation associations, etc. shall be created in order to get support to solve and discuss further problems.

### **3. REALISATION OF THE PROGRAMME**

The realisation of the programme can be divided into organising of the Working Group, on the one hand, and reporting on the outcome, introduction and upkeep of the system,

on the other hand. The establishment of the Working Group and its actual work will start in Seoul. Those interested in the Working Group should contact the author. The way of working will mainly be virtual workshops and information delivery through the Internet. Specific projects in the Working Group shall be at least:

- Establish an Internet forum for discussing the education on valuation.
- Collect information and determine the terminology, basic theories, and basic methodology on valuation.
- Create an educational package of valuation in co-operation with the WP 2.2 (Virtual academy - distance learning).
- Establish contacts with the universities, valuation associations, etc. outside FIG.
- Establish a web site with an educational package of valuation with hyperlinks to web sites for distance learning.

Presentations of the achievements of the Group will be given during the FIG working weeks in 2001 and 2004 and an interim report will be presented at the Congress 2002. 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 web site.

The Working Group shall mainly be working through virtual workshops and information delivery via the Internet. The publications should mainly be digital material on the FIG web site but also some short articles in journals will be written. The web site with hyperlinks shall be established in 2001 to 2003. The information policy will be transparent. For this reason there will be continuous communication via the Internet.

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