

Rural Valuation

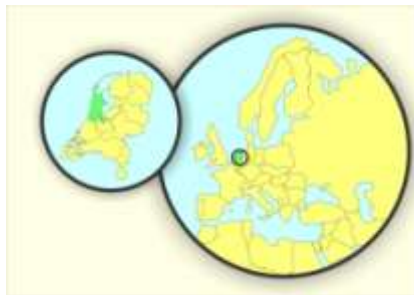
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Introduction

- Province of North Holland, the Netherlands



2,6 million inhabitants

2.671 km² land surface

13.123 km of roads

€ 20,000 - € 45,000 / ha²
cattle farming

€ 35,000 - € 45,000 / ha²
arable land

€ 75,000 - € 100,000 ha²
(flower) bulbs



Contents

- Purpose of valuation
- Assumptions
- Step I: desk research
- Step II: inspection site visit
- Step III: final report
- Two complicated situations
- Policy



Purpose of valuation

- Buying and selling land
- Comparison for land reallocation and consolidation
- Compensation for expropriation
- Basis for paying taxes
- Valuation for agricultural purposes (majority)

Assumptions

- Ownership and rights are registered
- Plot size and land use are also registered
- Valuation base = market value



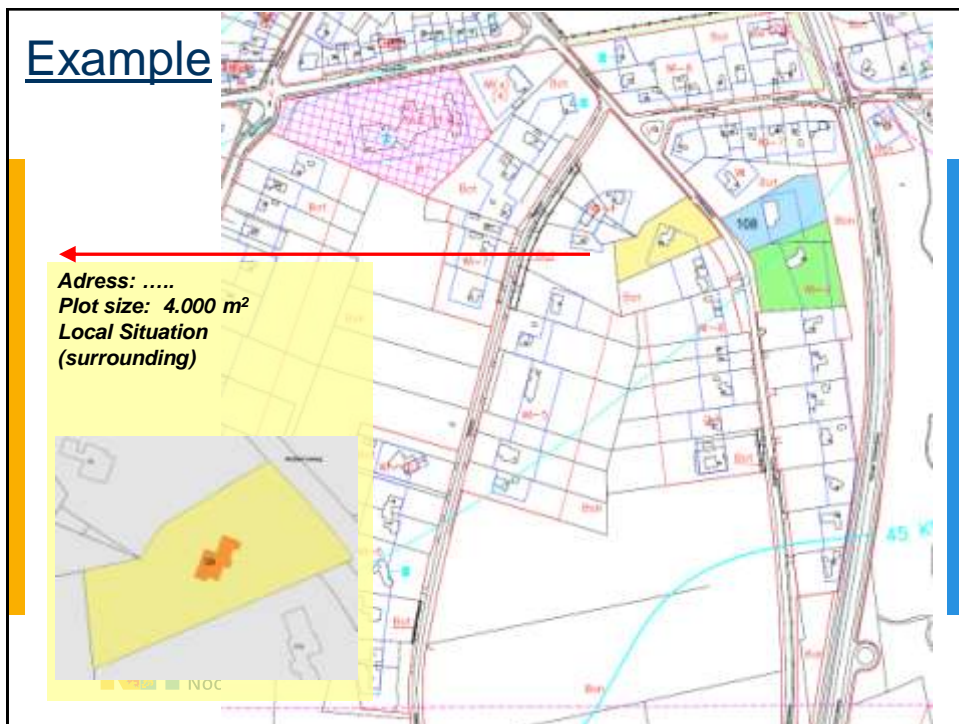
Desk research

Purpose is to get a first impression and elements requiring special attention on the field visit

- Google Earth
- Topographic map
- Soil maps
- Zoning map
- Cadaster
- Ownership
- Reference objects

- Impression of type of object (greenhouse, farm, fields, buildings for office)
- Location (near urban area, facilities in surroundings)
- Situation (physical context)
- Soil types (map)
- Restrictions and third party rights, ownership, tenancy,
- Size, shape
- Zoning (planning restrictions/opportunities)
- Drainage and irrigation
- Wayleaves (gas, electricity)
- Future developments

Example



Site visit and inspection

- Verify first impressions desk research

- Take pictures

- Assemble new data:

- | | |
|---|------------------------|
| • Access | • Soil samples |
| • Boundaries | • Land use, crops |
| • Trespassing | • Water supply |
| • State of maintenance | • Flooding and erosion |
| • Easy or heavy to cultivate the parcel | • Soil pollution |

Two different parcels



Good access
Straight pattern
Healthy flowers
Easy to cultivate



No straight corners
High water level, risk of flooding
Slope > more difficult to cultivate
Trees on the parcel

Final report

- Determine market value of reference objects nearby
- Comparison with average of reference objects

Determine the value (for example € 5500,= / hectare)

- General information (tenure, possession, leases)
- Restrictions / wayleaves / third party rights
- Planning, restrictions and opportunities
- Physical Aspects: Minerals, Water, Height, Size, Access, Monuments
- Context: Landscape, amenities, distance to urban area

Complication (I)

What to do when there is no land market?

Problems with finding reference objects

Solution I

Take wider circle (not local area but region, country or even comparable regions abroad)

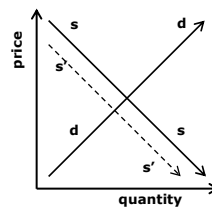
Solution II

- Determine costs and benefits of agricultural business
- Deduct costs related to labour and risk
- Outcome: profit of land and buildings in one year
- Valuation: what can one afford to exploit the object for 50 yrs?

Complication (II)

What to do when large volumes of land are being offered at once?

- When large volumes of land are put for sale, the price will drop (supply > demand)



Policy

What does the government/country want?

- Sell for the highest price (earn money)
- Go for an optimal agricultural land structure
- Selling to locals and/or farmers
- Open the market for foreign investors
- Set conditions when selling

Up for discussion!

Questions?

