

A PRACTICAL APPLICATION OF LAND VALUATION

International Workshop on Land Consolidation and
Land Banking

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PRACTICAL APPLICATION OF LAND VALUATION

- **Background of land valuation in Hungary**

- Special scope of interest
- Goals of land valuation
- Legal framework
- Experts' eligibility
- Approaches, standards

- **The field-trip**

- The goals
- Introduction of our expert
- The location of the fields
- Technical information

PRACTICAL APPLICATION OF LAND VALUATION

- **The land as special assets**
 - Un-reproducible
 - Un-replacable
 - Un-removable (but can be badly destroyed by humans)
 - Perpetual
 - Restricted availability (for different purposes: agriculture, urban/ commercial investments, nature/environment, ...)
 - Do not forget:
„most of the future owners are not born yet”.

PRACTICAL APPLICATION OF LAND VALUATION

- **Goals of land valuation, market players**
 - Strategical land management
 - Collateral on mortgages
 - Insurance
 - Taxation
 - Investments
 - Future developments
 - Changes of prime utilisation
 - Legal acts (sale, rent, negotiation, ...)
 - Deals (liquidational, acquisitional, swaps, ...)
 - Market players (owner, seller, buyer, tenant, bank, state, ...)

PRACTICAL APPLICATION OF LAND VALUATION

- **Legal framework**

- In general:
 - parties freely agree on land values
- Exceptions:
 - Parties decide making land valuation based deal
 - Financial institutions' acknowledgements of mortgaged land collateral value
 - Acquisition of land ownership involving Hungarian State (e.g. National Land Fund), municipalities
 - Legal cases, when Court orders land valuation
- National Land Fund: additional rules set for land valuation
- Eligibility of land valuation experts

PRACTICAL APPLICATION OF LAND VALUATION

- **Approaches and standards**

- Data are available:
 - Authorized and public cadastre (area land offices: Topographical numbers (TNO), land and soil maps, land use)
 - The Golden Crown (GC) system
 - Database of land acquisition contracts (authorities'/ experts' database), open market offers, pre-emption rights of NLF
 - Calculation based (derived) data (NPV, FV, capitalisation)
- Approaches:
 - Compared market prices approach
 - Income based approach
 - Cost of replacement approach (used in particular cases)
 - Combination of approaches (weighted)
- Standards: e.g. EVS of TEGoVA, RICS

PRACTICAL APPLICATION OF LAND VALUATION

- **The field-trip**

- Goals of the field-trip:

- Giving the participants on-site impressions on land valuation practice by a senior chartered land valuation expert
 - Presenting different quality agricultural land parcels
 - Let the participants make their land value assessments on site
 - Comparing participants' assessments to the chartered experts' ones
 - Explanations, conclusions

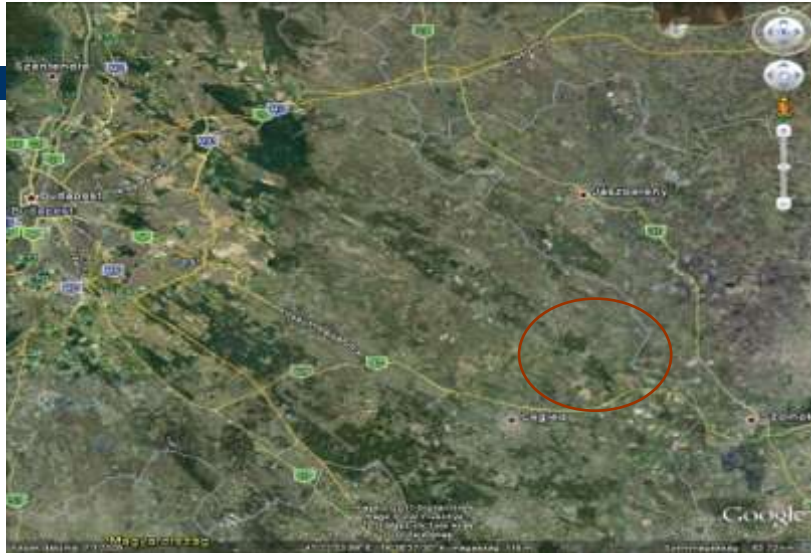
- Our expert: Mr. Sándor Németh (Professional Member of RICS)

- Chartered land valuation expert having more than 25 years in practice
 - Acknowledged at both domestic and international level
 - Enlisted supervisor-expert of National Land Fund

LOCATION OF THE FIELD-TRIP



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PRACTICAL APPLICATION OF LAND VALUATION

- **The field-trip**

- Technical information

- Meeting point: main entrance of Hotel Benczúr
 - Time of boarding the bus: June 6, 2011 (Tuesday) 7:45 o'clock a.m
 - **Departure: at 8:00 o'clock a.m.**
 - Arrival at Hotel Benczúr: around 13:00 8:00 o'clock
 - Clothing: rather casual (get ready to short walks on sites of the field-trip, agricultural land)
 - **Weather forecast for the day!**