

New General Valuation Methodology at 01.01.2018 Values

1. VALUATION METHODS

The new General Valuation has been based on the internationally recognized valuation methods, which are used across Cyprus, i.e. the "Comparative Method," the "Development Method" and the "Cost Method". The said methods are recognized by various standards, such as the European Valuation Standards, the International Valuation Standards and the RICS Valuation - Professional Standards. The publication "Guidelines for International Mass Valuations and relevant Taxation Policy" of the International Association of Assessing Officers – IAAO has also been taken into consideration.

2. DEFINITION OF "VALUE OF GENERAL VALUATION"

The new general valuation at 01.01.2018 values has been carried out on the basis of the current legislation, i.e. on the basis of Part VII – Valuation of Immovable Property (Tenure Registration and Valuation) Chapter 224 of the Laws. The definition of "Value of General Valuation" and the definition of "value" are given in Article 2 of the law as follows:

"value of general valuation" in relation to immovable property ownership means the amount that arises from the conduct of a general valuation or re-evaluation or review of general valuation, which is the closest possible to the value.

"value" in connection with immovable property, means the amount which the immovable property if sold in the open market by a willing seller to a willing purchaser might be expected to realize

It should be stressed that the definition of "Value of General Valuation" must be construed in combination with the provisions of article 69(1), whereby the Governors in Council decides that a General Valuation be carried out for the purpose of **securing an up-to-date and uniform valuation** of the immovable property. A "uniform" valuation means that a group of immovable property of similar physical and legal characteristics are expected to have a similar Value of General Valuation.

The word "uniformity" is a key one revealing the difference between a General Valuation and a specialized assessment, the latter being used for specific property and for a specific purpose.

It must be noted that the General Valuation conducted by the DLS may be used **only for taxation purposes**. In the case where a land owner or other interested person needs a valuation for other purposes, such as for raising a loan, forced sale, investment, purchase or sale of real estate, then he/she should consult a specialized expert valuer, Member of the Cyprus Technical Chamber (E.T.E.K.).

3. GENERAL VALUATION PROCEDURE

The New General Valuation has been based on the **physical and legal characteristics of the immovable property** as they are concisely described below:

a) Physical and legal characteristics of immovable property

In regard to land the following characteristics have been used:

- Type of Property
- Area
- Planning Zone
- Location
- Kind of access
- Relation to the road
- Shape

In regard to buildings the following characteristics have been used:

- Type of Unit
- Area of Unit
- Year of construction
- Year of substantial renovation
- Category (luxury, etc.)
- Condition
- View

b) Adopting land and building value per square meter

With a view to adopting the above values, a survey and analysis have been undertaken in all geographical areas for each planning zone and type of immovable property, taking into account the following:

- Comparative Sales in recent years that are being kept in the records of the DLS, with corresponding temporal modifications where necessary.
- Internal valuations of the DLS at the material time, including all valuations undertaken in regard to state ownership on the basis of the Memorandum of Understanding provisions.
- A market survey undertaken both as regards the sale of various buildings and the construction costs per district, in cooperation with land developers, quantity surveyors and other specialists of the construction sector.
- A survey on the construction costs of buildings, carried out in cooperation with the Quantity Surveyors Sector and the Public Works Department.
- Analysis of annual statistical data of construction costs for each kind of building in the last years as published in the annual report of the Statistical Service.
- Taken into consideration were various surveys regarding market tendencies and the real estate price indices, such as those by the Central Bank and RICS Cyprus.

The General Valuation was carried out by the private sector, (except Tseri, Lefkara Athienou, kai Ypsona) and then confirmed with the LR which is the competent state agency for the conduct of valuations for any purpose. The computer assisted mass appraisal system - CAMAS owned by the Department was utilized, preceded by all necessary analyses and market surveys. The application of similar Computer Assisted Mass Appraisal Systems is used by a number of countries worldwide, due to the advantage they offer of conducting automated mass appraisals in a very short time, thus saving time and reducing costs for the citizen.

For more info please follow the link below.

<https://portal.dls.moi.gov.cy/en-us/Pages/New-General-Valuation-as-at-1-1-2013.aspx>