Valuation is Computerised: Market Analysis is Business

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Key words: Taxation of real estate, Appraisal, Sales prices, Updating Geo-information, Efficiency.

ABSTRACT

In the Netherlands every four years all nearly eight million properties have to be revalued for taxation purposes. More than 6.5 million properties are residential and the valuation of these residential properties is done merely by computerised models.

The last revaluation has shown that only a limited number of the about 400.000 sales each year can be used directly in the valuation models. Because of limited rights on the property, special conditions for the sale, reconstruction before or just after the sale etc. a lot of sale prices are not good estimations of the market value of the property.

For that reason the preparation for the next revaluation is directed primarily on the analysis of sales prices of residential property. The analysis not only results in the selection which sales prices do give a good estimation of market price. For all other sales prices the analysis will result in a reliable estimate of market value. After the marker analysis all sales prices can be used for the valuation and for explaining the valuation results to the taxpayer.

A detailed procedure how the market analysis should be performed is described and given by the Council for Real Estate Assessment to all municipalities as part of the guidelines for the revaluation 2003.

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