



## ***Analysis of Adherence to Valuation Standards and Property Value Certification by Estate Surveying and Valuation Firms in Lagos, Nigeria***

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### ***Abstract***

*The issue of professional valuation standards and the quality of valuation reports has been the focus of considerable attention not only in Nigeria but also internationally in recent years. The specific Objectives of this paper include the following: To identify the existing valuation standards and the extent of adherence to valuation standard and property value certification by valuation firms in Lagos metropolis and determine the relationship between level of adherence to valuation standards and property value certification by valuation practicing estate surveying and valuation firms in the study area. The paper examined the profile of practicing valuation firms within Lagos metropolis which were analyzed using both descriptive and inferential statistics with a view to investigating the extent of adherence to valuation standards and property value certification. It also reviewed earlier research works made in this field including the minimum content reporting standards employed by valuation firms in the study area and with the use coefficient of correlation in determining the relationship between them. Using the data gathered through a structured questionnaire and content analysis of 100 retrieved valuation reports. The Study shows that the level of awareness to valuation standard was 97% while the extent of adherence was 95% and 26% do not use any valuation standard manual while 45% do not include property value certification statement in their report in compliance with minimum reporting content. The study revealed that the relationship between the level of adherence to valuation standard and property value certification have a high positive correlation which interprets that the two variables move in the same direction; but at slightly different magnitude. The study concluded that the regulatory body*

*should therefore follow up the set standards in the Nigeria Valuation Standards (Green book) by enforcement and imposition of sanctions on the erring members after maximum awareness of and use of the Green book must have been created among the members.*

**Keywords:** Professional, Certification, Valuation Standards, Green Book, Nigeria

## Introduction

Valuation standards first emerged at the national level in a bid to address the local financial crisis which had roots in property related transactions (Barry and Preston, 2005). It is for this reason among others, that valuers must be assisted through the valuation process to reach their valuation opinions in an as impartial and objective manner as possible. This is the primary need for the development and adaptation of standards.

Globally, the drive for standards and harmonization which are commonly acceptable and applicable in professional practices has been the watchword for transparency, consistency, rationality, comparability and uniform performance measures (Onuorah, 2009). In light of the acknowledgement of the significance of valuation benchmarks by worldwide regulators in advancing valuation straightforwardness, members from the Nigerian Institution of Estate Surveyors and Valuers (NIESV) have embraced international valuation standards in their practice as applicable globally (Adegboye, 2011).

In Nigeria, NIESV the professional body saddled with the responsibility of Estate

Surveying and Valuation practice has standards and guidance notes. The essential issue of guidance notes on valuation in Nigeria came on existence in 1985 and rethought in 2006, with its objective not completely achieved due to absent of far reaching follow-up research to explore the level of Estate Surveying and Valuation Firms consistence with valuation standards at a National level (Gambo, 2014).

Odudu, (2015) advocated for a review and upgrade of the valuation standards currently being used by the Nigerian Institution of Estate Surveyors and Valuers to international standards and the need for Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) to urgently put in place a mechanism for monitoring and enforcing compliance. Babawale, (2012) also observed that professionals providing valuation services in the Nigerian real estate industry practice within a regulatory framework that was characterized by weakness in enforcing minimum standards and inability to keep pace with current trends, global best practices and international standards.

In spite of the existence of International Valuation Standards it has been seen that some countries where the profession has tried to enforce more rigorous mandatory standards backed by detailed guidance notes, Valuers still fall below the required standards (Wyatt, 2003).

It is against this background that this research work is designed to explore at the need for enhancing the knowledge content and importance of valuation standards and property value certification with the sole aim of curbing old practices and how best to undertake valuation practice to a globally acceptable level by Estate Surveying and Valuation firms in Nigeria.

### **Aim and Objectives of Study**

The aim is to “investigate the level of adherence to valuation standards and property value cortication by Estate Surveying and Valuations firms in Lagos, Nigeria with a view to establishing a mechanism for improving compliance level to International Valuation standards (IVS)”. While its objectives are to;

- i. Identify the existing valuation standards and the extent of adherence in the study area.
- ii. Ascertain the level of adherence to property value certification in the study area.
- iii. Determine the relationship between level of adherence to valuation standards and property value certification in the study area.

### **Review of Literature**

The central focus in this section is on accepted valuation standards and its potential benefits for best practice. Also, existing research works of other scholars on the subject are critically examined and also draw out some guiding principles principally from the International Valuation Standards IVS (with some reference to Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standard Red Book), as they relate to general standard and practice along national, regional and international boundaries.

This section also provides a brief overview of valuation standards across the world on which the entire study is built. This section is rounded up with the identification of the observed knowledge-gap in the area of study

### **Concept of Valuation**

The word valuation can be used to refer to the estimated value (the valuation conclusion) or to refer to the preparation of the estimated value (the act of valuing). In these benchmarks it ought to by and large be obvious from the setting which

significance is planned. Where there is potential for confusion or a need to make a clear distinction between the alternative meanings, additional words are used (IVS Exposure Draft, 2010). This is the act of valuing or determining the worth or value, a specialised act of establishing or estimating the price of an asset or property such as land or product/commodity by its market value. It can also be viewed as value set upon a thing, price estimated or determined market value; appraisal price (Ifediora, 2009). Millington (2006), defines Valuation as “the art or science of estimating the value for a specific purpose of a particular interest in property at a particular moment in time, considering every one of the highlights of the property and furthermore thinking about all the hidden financial variables of the market, including a scope of alternative investment.

### **Concept of Standard**

The Advanced Learner’s Dictionary (6<sup>th</sup> edition) defines a standard as level of quality that is normal and acceptable for a particular person(s) or in a particular situation, or a level of behaviour that a particular person(s) considers to be morally acceptable (Hornby, 2000). Standards therefore contain technical specifications and other prescribed material designed to be used consistently as a rule, guideline, or definition and are aimed at helping to simplify and to increase the reliability, comparability, and effectiveness of services (British Standard Institute (BSI) 2006).

### **Concept of Certification**

Wikipedia, the free encyclopedia defines certification as a third-party attestation of an individual's level of knowledge or proficiency in a certain industry or profession. They are conceded by authorities in the field, for example, professional bodies.

Another common type of certification in present day society is product or service certification. This alludes to procedures planned to decide whether the service satisfies least standards, like quality confirmation. Different certification systems exist in each country.

As indicated by Barnhart, (1997) "confirmations are versatile, since they do not rely upon one company's definition of a certain job" and they give potential employers “an unbiased, third party endorsement of a person's professional knowledge and experience”.

In this regard, a Notified Body is a third-party, certified body which is entitled by an accreditation body. Endless supply of standards and guidelines, the accreditation body may enable a Notified body to give third-party confirmation and testing services. This guarantees and evaluates consistence to the already characterized codes yet in addition to give an official certification mark or an announcement of conformity.

### **The Importance of Standards in Real Estate Valuation**

The need for standards in real estate valuation profession is hinged on a number of reasons. First, (Barry and Preston, 2005) noted that valuation standards first emerged at the national level in a bid to address local financial crisis which had roots in property related transactions.

The recent developments in the banking world promoted by the Basle Accord on bank regulations; and the growing need to observe international Accounting Standards are other factors that have made the need for common standards for valuation more urgent and compelling. Milgrim (2001) observed that the emerging global client is driving international standards in accounting, banking and valuation. Valuations that will be used for lending purposes, financial reporting of multinational companies, cross-border property investments performance comparison or securitization of real estate, can therefore be produced only by a valuation profession that conforms to international standards of professional education, competence and practice.

Given the foregoing and beginning from the 1970s, there has been a proliferation of national valuation standards that addresses local conditions and practice. Examples include UK's RICS "Red Book", the Uniform Standards of Professional Appraisal Practice (USPAP) of the US Appraisal Foundation, and the Professional Practice of the Australian Property Institute. At the international level is the International Valuation Standards (IVS) first published in 1985 and which is fast becoming a reference document for real estate valuation the world over.

### **Meaning of Valuation Standard**

In professional practice, standards are a summary of best practice provided to ensure reliability, comparability, and effectiveness of services provided Onyeneke and Ekenta (2018). The application of valuation standard has drawn a very clear distinction between its professional and the non professional approach. The absence of standard will therefore connote lack of professionalism as such constitute abuse, mediocrity, complacency and possible conflict (Babawale, 2005). According to Ajayi (2009), Valuation Standards are quality control principles (mandatory rules, best practice guidance and related commentary) for valuers under the scope valuation regulatory body on how to undertake and report valuations especially those that will be relied upon by international investors and other third party stakeholders.

In particular, valuation standards set up to serve as professional benchmark or beacon enabling members to provide reliable valuations that meet the financial reporting requirements of the business community. Valuation standards are required to remove or at least reduce confusion, conflicts and unintentional misunderstanding among market operators (IVSC, 2003).

The design is to guarantee that valuations delivered by individuals accomplish exclusive requirement of uprightness, clearness, and objectivity and are accounted for as per perceived bases that are proper for that reason (Babawale. 2005). Measures are forced by individual inner voice, by national expert establishments or by law. (Babawale, 2005; Babawale and Koleoso. 2006; Ogunba and Ajayi, 2003, 2007). Babawale (2005) analyzed and mostly tended to the subject of standard in land valuation in Nigeria. Koleoso (2006) inspected the ramifications of globalization on land valuation in Nigeria; while Ogunba and Ajayi (2003, 2007) endeavored to gauge the reaction of Nigerian Valuers to expanding customers "sophistication in financial specialists "requirements as far as valuation exactness, sanity, and hazard investigation.

### **Property Valuation Practice**

Property valuation has been described as one of the cornerstones of the real estate property market, which in turn is a fundamental part of any modern economy (IVSC, 2010). It provides advice on potential purchases, sales and supply material information to reinforce the property lending decisions. A well prepared valuation report provides a substantial level of professional shielding to property developers from the risks and problems of wrong investment decisions. As a result of this, the need to ensure high professional valuation standards including high quality reports has received worldwide attention (Adedamola, 2008).

Property Valuation in real estate practice terminology refers to the process or exercise of estimating or assessing the monetary worth or value of a particular interest in land and/or landed property for a specific purpose, in a particular location and within a stipulated time frame (Akinjiyan, 2014).

According to Wyatt (2007), owing to the imperfections and inefficiencies in the property market, the Valuers is required to form an opinion of value by assessment of value determining factors on the basis of expertise and experience. These elements are so inherently subjective that different Valuers will apply them somewhat differently when solving the same valuation problem.

Explaining further, Wyatt (2007) observes that Valuers utilize and interpret past information to arrive at current value, notwithstanding the fact that this information /data is hardly static. Thus Valuers operate without perfect knowledge of the market, following client instructions to deal with a heterogeneous commodity in which transactions occur at prices that often do not represent market values. For this reason, it is observed in practice that, valuation of the same property by different Valuers will neither be the same nor will it necessarily equate the agreed exchange price.

## VALUATION PROCESS

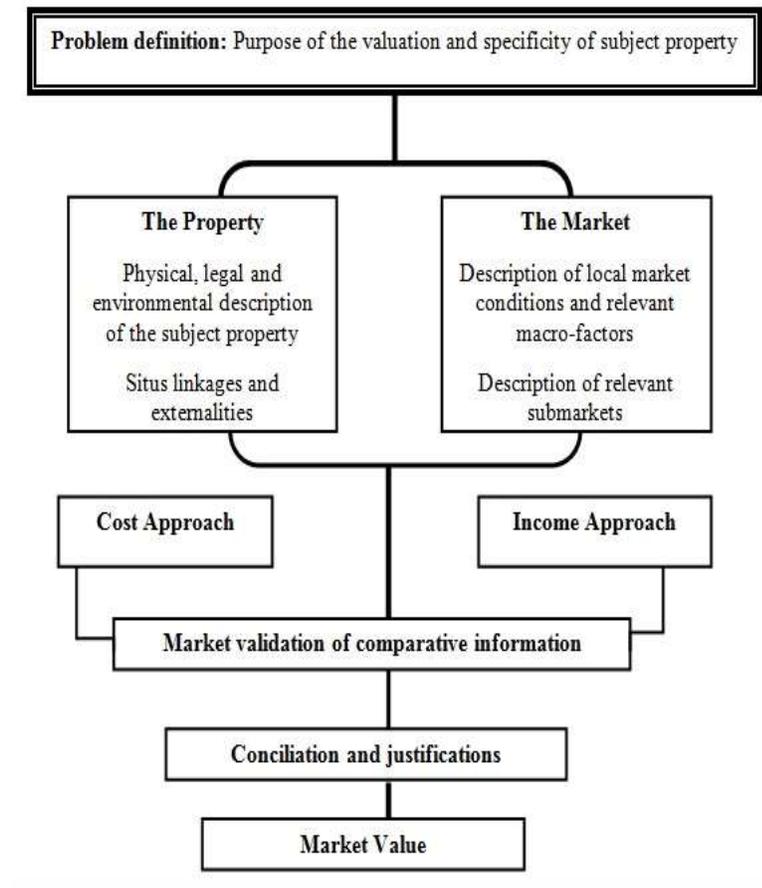
Valuation process is a systematic procedure a valuer follows to provide answers to a client's questions about real property value. It is a model that can be adapted to a wide variety of questions that relate to value.

Appraisal Institute, (2012) stated that valuation process begins when the valuer agrees to take an assignment and ends when the conclusions of the valuation are reported to the client. Each property is unique, and opinions of many different types of value can be developed for a single property. The most common valuation assignment is performed to render opinion of market value. The valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for developing an opinion of other defined values.

In assignments of developing an opinion of market value, the ultimate goal of the valuation process is a well supported value conclusion that reflects all the pertinent factors that influence the market value of the property being valued.

Fischer (2002) emphasises on 3 main questions that need to be answered in the valuation process. It is straightforward exercise which three questions must be answered; a what? a how? and finally a how much? question. In order for Valuers to produce valuation reports there are some steps that need to be followed which are illustrated in Figure 3.1

**Figure 3.1:** *The Valuation Process*



Source: Fischer, 2002

## **International Valuation Standard**

The International Valuation Standards Council (IVSC) is an independent, not-for-profit organisation committed to advancing quality in the valuation profession. Our primary objective is to build confidence and public trust in valuation by producing standards and securing their universal adoption and implementation for the valuation of assets across the world. We believe that International Valuation Standards (IVS) is a fundamental part of the financial system, along with high levels of professionalism in applying them (IVS, 2017).

The objective of the IVS is to increase the confidence and trust of users of valuation services by establishing transparent and consistent valuation practices.

A standard will do one or more of the following:

- i. Identify or develop globally accepted principles and definitions,
- ii. Identify and promulgate considerations for the undertaking of valuation assignments and the reporting of valuations,
  
- iii. Identify specific matters that require consideration and methods commonly used for valuing different types of assets or liabilities.

The IVS consist of mandatory requirements that must be followed in order to state that a valuation was performed in compliance with the IVS. Certain aspects of the standards do not direct or mandate any particular course of action, but provide fundamental principles and concepts that must be considered in undertaking a valuation.

The IVS are arranged as follows:

### **A. The IVS Framework**

This serves as a preamble to the IVS. The IVS Framework consists of general principles for valuers following the IVS regarding objectivity, judgement, competence and acceptable departures from the IVS.

### **B. IVS General Standards**

These set forth requirements for the conduct of all valuation assignments including establishing the terms of a valuation engagement, bases of value, valuation approaches and methods, and reporting. They are designed to be applicable to valuations of all types of assets and for any valuation purpose.

### **C. IVS Asset Standards**

The Asset Standards include requirements related to specific types of assets. These requirements must be followed in conjunction with the General Standards when performing a valuation of a specific asset type. The Asset Standards include certain background information on the characteristics of

each asset type that influence value and additional asset-specific requirements on common valuation approaches and methods used.

### **The Standards of the Royal Institution of Chartered Surveyors (Red Book)**

The standards of the Royal Institute of Chartered Surveyors (RICS Standards) or the Red Book as it is popularly referred; forms the national standards for the United Kingdom as well as having a considerable influence across the world, the commonwealth in particular.

The Red Book due to the UK's unique position of adopting the IVS has done so in 2014 edition. Thus, it has full reproduction of the IVS as well as both Global and UK specific standards. The Red Book has six global valuation standards supplementing the IVS and applicable within all RICS member countries and four specific valuation standards that are applicable only within the UK, and each standard is usually accompanied by a rule or short statement and an associated commentary to assist in wider interpretation and application.

### **The European Valuation Standards (EVS)**

The only regional asset Valuation Standard available is the European Valuation Standards (EVS) set by the European Group of Valuers Association (TEGOVA). These are more or less similar to a large extent to the IVS even though with differences in layout and format of presentation with the last update in 2016 (Eight edition).

The EVS and the IVS are similar in basic principles, however, the European guideline focuses primarily on the European practice and legislation and the standard that comprehensively follows on from the EU laws and regulations while the IVS provides global standards which by definition has to be more generic in nature because there is not a single model that fits all the different national and regional practices (EVS, 2016; NVM Business, 2015 and Fernandez, 2006).

### **The Uniform Standards for Professional Appraisal Practice (USPAP)**

The uniform standards for professional appraisal practice (USPAP) set by the appraisal standard board (ASB) of the appraisal foundation (TAF) in the USA is not just the US national Standards but also applies in Canada as well as having a reasonable degree of influence in a countries such as china, Germany and some Asian and Pan American Countries. The appraisal foundation and IVSC have been collaborating for years having recognized that public trust in the valuation profession is enhanced by having a common set of valuation standards. Many differences exist between the IVS and the USPAP however; these are mainly superficial and are due largely to differences in presentation and organisation. Some of the differences which are unavoidable are

necessitated by the fact that the IVS has to be applicable across the Globe, whereas the USPAP is designed for use within the US and has to reflect US law and practice.

### **The Nigerian Valuation Standards (NVS)**

Valuation is fundamental and critical to decision making in the global economic and social landscape. In order to enlist the confidence and trust of members of the general public, business institutions and government in valuation, it is necessary for Valuers to be consistent, objective and transparent in handling valuation assignments. Adequate knowledge, training, exposure, experience, skills and upholding ethical standards are equally of primary importance to giving unbiased opinion of value, which is as important as chronological, concise and unambiguous valuation reporting for final the user(s).

Globally recognised high level valuation principles and definitions are now embodied in the International Valuation Standards (IVS) published by the International Valuation Standards Council (IVSC). ESVARBON and NIESV are ardent supporters and adopters of the universally recognized standards in Valuation, who also supports the global adoption of same. But acceptance of global standards alone is not enough. Effective implementation is also necessary. If confidence and public trust in the valuation process is to be achieved, standards must not only be uniformly interpreted and consistently applied but also actively monitored and enforced.

### **The Green Book**

The Nigeria Valuation Standards called “The Green Book” has been launched and is grouped under three distinct headings, the first two covering matters relevant to valuation assignments generally, the third covering matters relating to particular applications. The intention is to make clear to members what is mandatory and what is advisory – thus collected together under the first two headings is the mandatory material and under the third the advisory material (Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON), 2019).

The Nigerian standards are a carbon copy of the RICS Global Standards. Babawale (2012) referred to the 2006 edition as a “verbatim copy of the IVS”. This signals a new approach to identifying and classifying valuation practice guidance in the newly launched NVS Green Book.

### **Bench-Marking Real Estate Surveying and Valuation Practice in Nigeria by NIESV and ESVARBON.**

Estate Surveying and Valuation profession is relatively young in Nigeria compared to other professions in the built environment such as Architecture, Land Surveying,

Quantity Surveying, Building Construction, Town and regional planning. However, in attempt to introduce sanity to the profession, a corollary of RICS which is NIESV came up with a bench mark for its members to distinguish their practice from unprofessional members who are on daily basis intruding the practice. The Nigerian Institution of Estate Surveyors and Valuers (NIESV) was recognized by Act No. 24 Of 1975; and according to the Constitution of the NIESV (2012), the objects of the Institution are spelt out thus:

- a) Establish high and reputable standards of professional conduct and practice in the landed profession throughout the Federal Republic of Nigeria.
- b) Secure and improve the technical knowledge that constitutes Land Economy, Real Estate and Allied Matters, Valuation and Appraisal of plant, Machinery and Business Asset, Land and Facilities Management, Building Maintenance, Property Development and Investment and Town and Country Planning, as well as Land Administration Systems.
- c) Facilitate the acquisition and dissemination of such knowledge by establishing Training Institution and working in close collaboration with universities, other institutions of higher learning and other professional bodies.
- d) Promote the general interests of the profession and maintain and extend its usefulness for the public good by advising, educating and informing members of the public, government departments, statutory bodies, local government. Associations, institutions and such like bodies on all matters coming within the scope of the profession.
- e) Initiate and consider any legislation relevant to the objects of the Institution.
- f) Endeavour to acquaint the public with the role of Estate Surveyors and Valuers in the economic development of the country.
- g) Enter into contracts, agreement, arrangements or joint ventures with member firms or individuals, company, trust, government, society, organization, institution, authority for the purpose of delivering complex professional services to a third party in the profession of Estate Surveying and Valuation and other professions.
- h) Engage in any other lawful activity (vies) which may be conducive to the promotion of any or all the objects of the Institution mentioned above for profit or no profit purposes.

While NIESV is saddled with the monitoring of enabling platform for the training and educating potential Estate Surveyors and Valuers, the Decree thus vested in the Institution the following functions:

- i. Determining the value of all description of property and of the various interest therein.
- ii. Managing and developing estates and other business concerns with the management of landed property.
- iii. Securing the optimum use of land and its associated resources to meet social and economic needs.
- iv. Determining the structure and conditions of buildings and their services, and advising on their maintenance, alteration and improvement.
- v. Determining the economic use of the resources by means of financial appraisal for the building industry.
- vi. Selling (Whether by auction or otherwise) buying or letting as an agent, real or personal property or any interest therein.

In order to provide complementary functions, a regulatory body; Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) otherwise known as the 'Board' was empowered to oversee the activities of Surveyors in practice. Apart from the general duty of superintending the practice of Real Estate in Nigeria, the Board is specially charged by the law establishing the profession with the following functions:

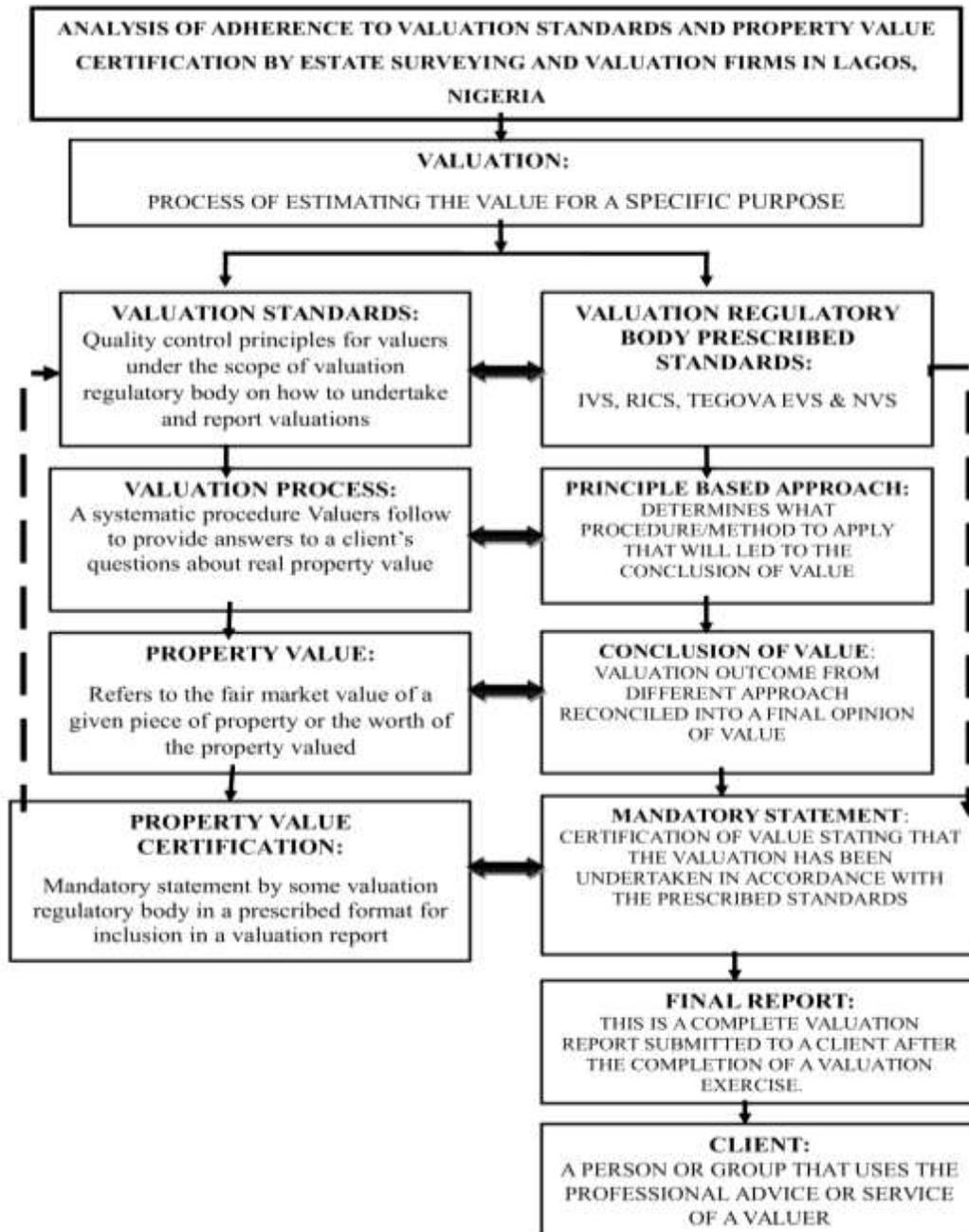
- i. Determining who are Estate Surveyors and Valuers.
- ii. Determining what standard of knowledge and skills are to be attained by persons seeking to become registered as Estate Surveyors and Valuers and reviewing such standards from time to time for the raising them.
- iii. Securing in accordance with the provision of the Decree the establishment and maintenance of register of persons entitled to practice as Estate Surveyors and Valuers and the publication from time to time of list of such persons.
- iv. Regulating and controlling the practice of Estate Surveying and Valuation in all its aspects and ramifications.
- v. Performing the other functions conferred on the Board by the Decree.

### **Conceptual Framework Model**

Drawing from the secondary data collected and various authors reviewed above, the researcher was able to come up with a model based concept in analysing the

relationship between valuation standard and property value certification when carrying out valuation assignment in Nigeria which in turn contribute to valuation best practice. This is diagrammatically presented hereunder in Figure 3.2 below.

**Figure 3.2:** The Author's Concept of Analysing the Relationship between Valuation Standard and Property Value Certification



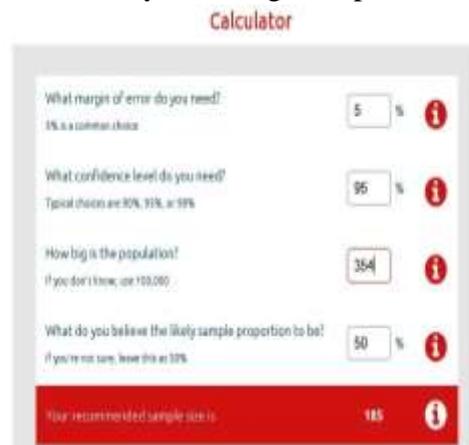
### Observed Knowledge Gap

It is evidenced that there is paucity knowledge of Nigerian Valuers towards International Valuation Standards (IVS) that has been incorporated into practice and the importance of property value certification when undertaking valuation assignment. This may have been the reason behind the apparent lack of a true national and local standard in Nigeria and why our valuation report is not standing the test of time. This present research tends to explore more at the knowledge content of valuation standard and property value certification and how the valuation practice can improve to bridge the professional gap in real estate valuation in Nigeria with the aim of improving its competitiveness on the world stage in engaging international standards and best practice that will stand the test of time.

### Research Methodology

The population of the study is primarily Estate Surveyors and Valuers who are heads of firms or heads of valuation unit/department of real estate valuation firms in Lagos Metropolis. By virtue of Decree 24 of 1975, Estate Surveyors and Valuers are the only professionals statutorily empowered to undertake valuation of proprietary interests in real estate and related assets in Nigeria. The sample frame was obtained from concentration of professional offices which was corroborated by the NIESV 2017 directory of registered estate surveying and valuation firms which indicates 840 practicing estate surveying and valuation firms in the country which has at least an office (either as head or regional) in Lagos alone and that 354 of the firms are based in the study area. These formed the basis of selecting Lagos as study area for this research. A cluster sampling method was employed which involved dividing the firms listed in the official register of NIESV into groups called clusters according to their geographical/neighbourhood locations and randomly drawing samples that will represent the firms from each of the clusters.

The sample size calculator was used to calculate the number of respondents needed to estimate the true population proportion and the calculator will show the amount of respondents needed to get statistically results for a specific population.



**Figure 4.1:** Select Statistical Calculator showing the recommended sample size

Source: Field Survey, (2019)

This calculator uses the following formula for the sample size n:  $n = N * X / (X + N - 1)$ , where:  $X = Z_{\alpha/2}^2 * p * (1-p) / MOE^2$ , and  $Z_{\alpha/2}$  is the critical value of the Normal distribution at  $\alpha/2$  (for example, a confidence level of 95%,  $\alpha$  is 0.05 and the critical value is 1.96), MOE is the margin of error, p is the sample proportion, and N is the population size.

Therefore, the recommended sample size for the study is 185 from the study area. Only 186 of the 200 questionnaire administered for the research were considered duly completed and therefore suitable for further analysis. This represents a response rate of above 53% which is good enough for reliable and valid conclusion. The questionnaire were designed to elicit information on aspects of awareness valuation standard and the extent of adherence to valuation standard and valuation reporting standards often employed and how certain critical parameters in valuation are defined and determined. Secondary data were mainly from 100 valuation reports obtained from 100 of the sampled firms.

## RESULTS AND DISCUSSION

### Analysis of Data

In this section the primary data were collected, while analysis and the results are presented below.

**Table 4.1 Profile of Firms Surveyed (N=186)**

S/N	Firms Profile	Frequency	Percent (%)
1.	Firms that are sole proprietorship.	165	89
2.	Firms that are more than 5 years in practice	14	80
3.	Firms having more than one branch	114	61
4.	Firms having more than 5 registered Valuers	70	38
5.	Firms having affiliation with foreign firms or has a branch outside Nigeria	4	2
6.	Firms having separate Valuation department/Unit	52	28
7.	Firms carrying out more than 5 valuations on an average per month	81	44
8.	Firms using industry-based valuation software	6	3
9.	Firms maintaining formalized data banking	89	48
10.	Firms having a distinct Information Technology unit	24	13
11.	Firms having distinct research unit/department	40	22
12.	Firms having a functional study library	68	37

Source: Field Survey, (2019)

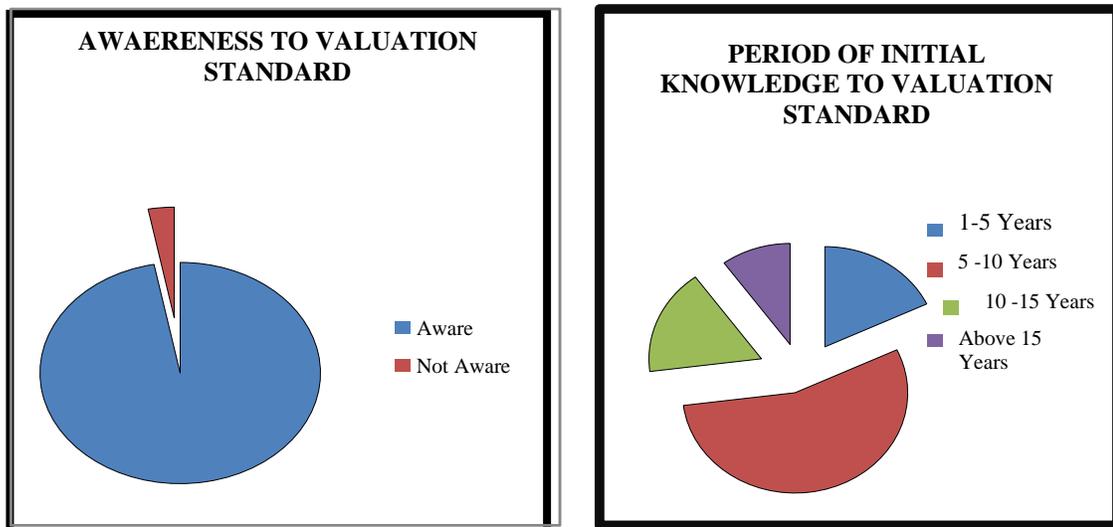
Table 4:1. Summarizes the basic professional profile of the firms involved in the study. With 89% of the firms operating as sole proprietorship, 80% were established more over 5 years ago, 61% has only one branch, 38% having more than 5 registered valuers on their staff list, and 2% has foreign affiliation or has a branch outside Nigeria. Of the 186 firms, only 28% have separate Valuation department/Unit, and 44% carry out more than five valuation jobs on an average in a month, 3% make use of valuation software, 48% make conscious effort to maintain and operate data bank, while 22% has distinct research unit/department, and only 39% maintain a functional library. It is evidenced that there is no specialised firms; that means all the firms carry out all kind of real estate consultancy jobs.

**Table 4.2 Extent of Valuers Awareness to Valuation Standard (N=186)**

S/N	Question asked	Response option	Frequency	(%)
1.	Whether respondents are aware of valuation standard	Yes	180	97
		No	6	3
Total			<b>186</b>	<b>100</b>
2.	If yes, number of years	1 - 5 Years	32	18
		5 - 10 Years	99	55
		10 - 15 Years	31	17
		Above 15 Years	18	10
Total			<b>180</b>	<b>100</b>

Source: Field Survey, (2019)

**Figure 4.1 Graphical Representation of Respondents Extent of Awareness to Valuation Standard**



Source: Field Survey, (2019)

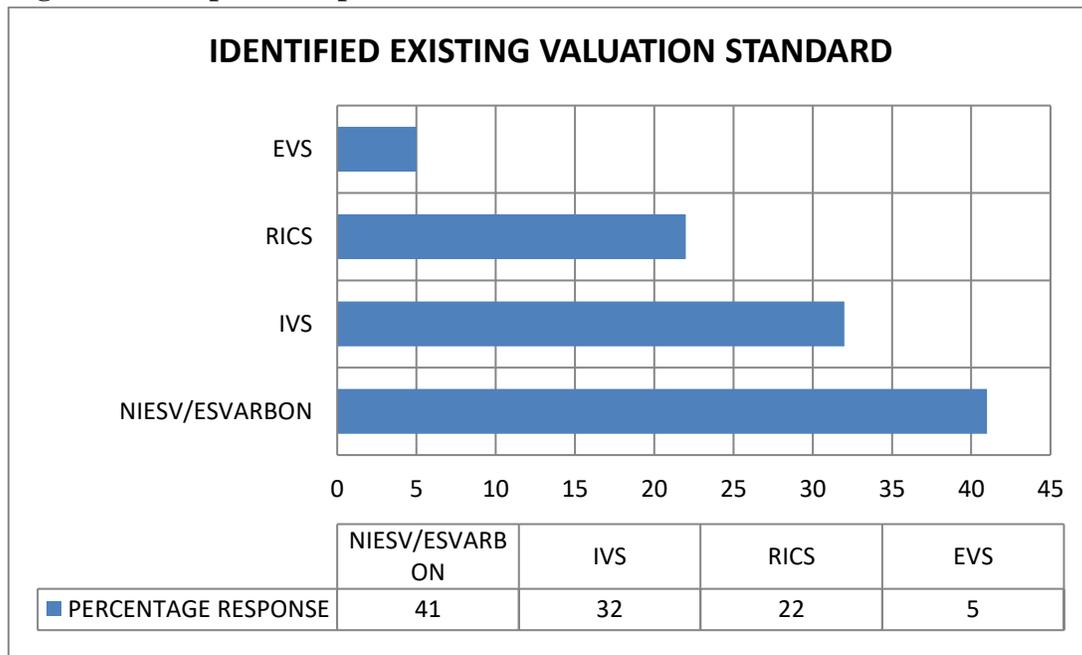
From Table 4.2 and Figure 4.1, the extent of awareness of valuers to valuation standard indicated a level of 97% while 55% valuers which are the majority belong to the 5-10 years period of initial knowledge to valuation standard and the remaining 45% valuers combined together constitute the other three remaining periods.

**Table 4.3 Existing Valuation Standards Identified by Respondents (N=186)**

S/N	Existing Valuation Standards	Frequency	Percent (%)
1.	NIESV/ESVARBON	114	61
2.	IVS	90	48
3.	RICS	75	40
4.	EVS	9	5
5.	USPAP	3	2
6.	ANZPVS	0	0
7.	Others	0	0

Source: Field Survey, (2019)

**Figure 4.2 Graphical Representation of Identified Valuation Standard**



Source: Field Survey, (2019)

Table 4.3 and Figure 4.2 summarised the identified existing valuation standard in the study area with 61% of respondents identifying NIESV/ESVARBON while IVS and RICS were 48% and 40% and finally EVS and USPAP were 5% and 2%.

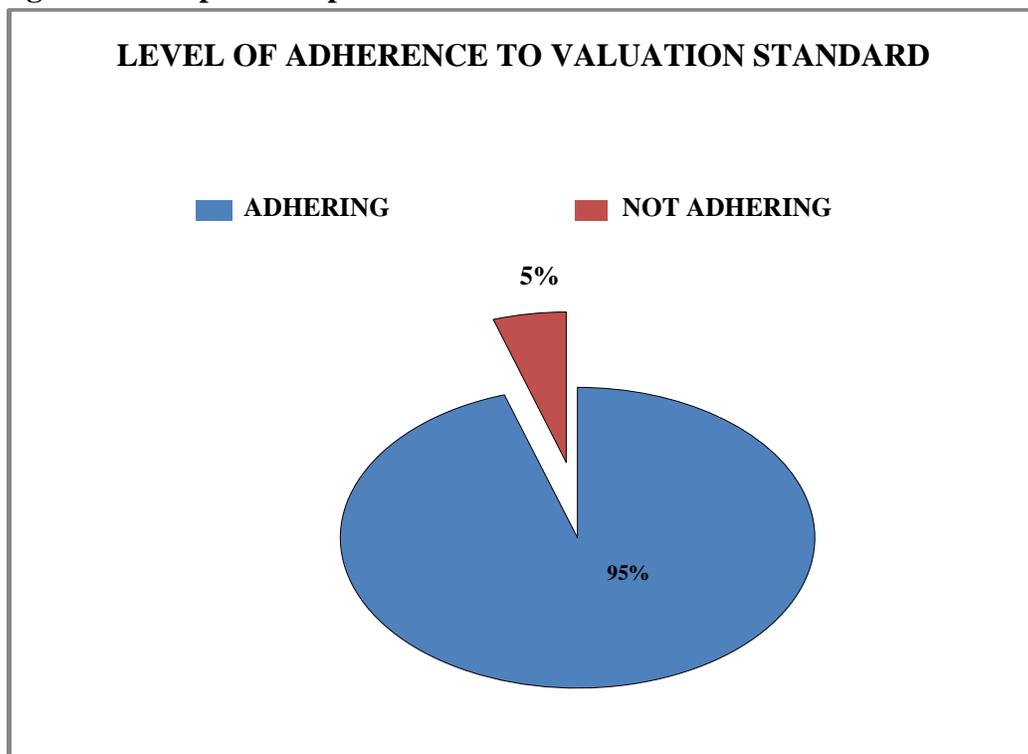
**Table 4.4 Identified Valuation Standards Mostly adhered by Respondents (N=186)**

S/N	Valuation Standards	Frequency	Percent (%)
1.	NIESV/ESVARBON	76	41
2.	IVS	60	32
3.	RICS	40	22
4.	NONE	10	5
	<b>Total</b>	<b>186</b>	<b>100</b>

Source: Field Survey, (2019)

From Table 4.4 shows the level of adherence to the identified valuation standards in the study area where 41% of respondents indicated that they are adhering to NIESV/ESVARBON while 32% and 22% of respondents also adhere to IVS and RICS While the last 5% of the respondents do not adhere to any standard

**Figure 4.3 Graphical Representation of Adherence to Valuation Standard**



Source: Field Survey, (2019)

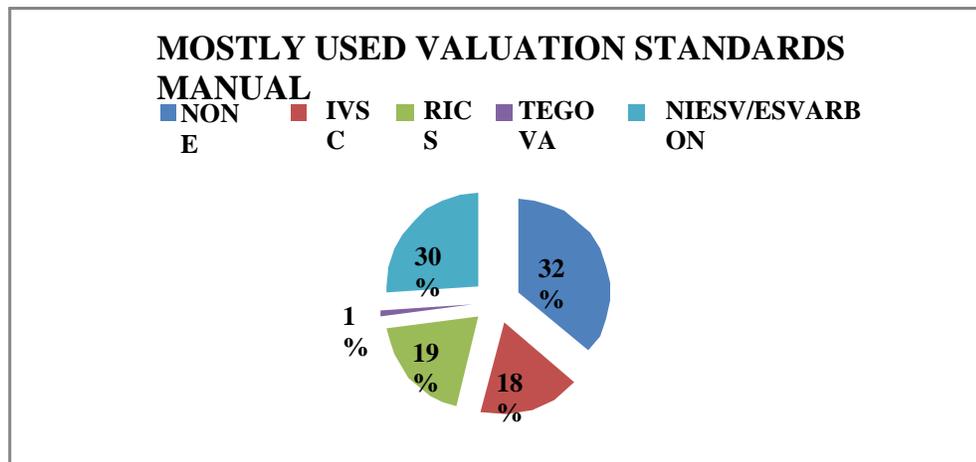
Going by the summary of Table 4.4 and Figure 4.3, a total frequency of 176 respondents of 95% which are the majority adhere to either NIESV/ESVARBON, IVS or RICS valuation standards while the remainder adhered to no valuation standards of any type

**Table 4.5 Valuation Standards Manual Mostly Used in Practice by Respondents (N=186)**

S/N	Valuation Standards	Frequency	Percent (%)
	NIESV	55	30
	IVSC	34	18
	RICS	36	19
	TEGOVA	2	1
	NONE	59	32
	<b>Total</b>	<b>186</b>	<b>100</b>

Source: Field Survey, (2019)

**Figure 4.4 Graphical Representation of Identified Valuation Standard**



Source: Field Survey, (2019)

From Table 4.5 and Figure 4.4 32% in the category indicated that valuers in practice do not use any valuation standards manual to ensure compliance with minimum reporting content while the remaining results constitutes 30%, 1%, 19% and 18% of valuers who consult NIESV/ESVARBON, IVSC, RICS and TEGOVA.

**Table 4.9: Compliance with Minimum Content of Valuation Report (N=100)**

S/N	Valuation Report Subheads	Included	Not Included	% of Included
1	Identification and status of Valuer	50	50	50
2	Identification of the client and any other intended user	97	1	97
3	Asset being valued	79	21	79
4	Purpose of the valuation	83	17	83
	Basis of value	98	2	98
6	Valuation date	82	18	82
7	Nature and sources of information relied upon	27	73	27
8	Nature and extent of investigation (Valuers work)	37	63	37
9	Assumptions and special assumptions	98	2	98
10	Valuation Approach and Reasoning	84	16	84
11	Amount of the Valuation or Valuations (Currency)	100	0	100
12	Restriction on use, Distribution or publication	96	4	96
13	Statement of compliance with IVS or any standards (Certification)	45	65	45
14	Signature and Stamp	98	2	98
15	Date of Valuation Report	92	8	92

*Source: Field Survey, (2019)*

Table 4,9 presents the results of the content analysis of 100 valuation reports. This is based on the scope of work provided by International Valuation Standards (IVS) know as the ‘minimum content’. The minimum content is the minimum requirement every valuation report should cover irrespective of the nature of the valuation assignment. The results based on the average shows that 45% of the valuation reports have not stated compliance IVS or any other standards certification statement, 37% and 27% of valuers did not include the nature and sources of information relied upon and extent of investigation (Valuers work) while the other contents are on the average and more on the high category of valuers that include the required minimum content.

### Coefficient of correlation

The sample data obtained on level of adherence to valuation standards and property value certification by valuation practicing estate surveying and valuation firms in the study was used in determining the coefficient of correlation. *Table 4.10* shows the data on valuation standards and property value certification.

**Table 4.10: Inputs Required for Determining the Coefficient of Correlation**

Average size (n)	Sample % Average of Adherence to valuation standard (X)	% Average of Adherence to property value certification (Y)
186	79.64	-
100	-	20.36
<b>n =143</b>	$\sum X =79.64$	$\sum Y =20.36$

Source: Field Survey, (2019)

In order to achieve the above objective, the researcher first determines the inputs that will aid in determining the coefficient of correlation as shown in Table 4.11 that follows.

**Table 4.11: Determining inputs to Aid in Determining the Coefficient of Correlation (n=143)**

Level of Adherence to valuation standard (X)	Level of Adherence to property value certification (Y)	X <sup>2</sup>	XY	Y <sup>2</sup>
79.64	20.36	6,343.53	1,621.47	414.53
$\sum X = 79.64$	$\sum Y = 20.36$	$\sum X^2 = 6,343.53$	$\sum X Y = 1,621.47$	$\sum Y^2 = 414.53$

Source: Field Survey, (2019)

$$\text{Coefficient of Correlation (r)} = \frac{n \sum XY - \sum X \sum Y}{\sqrt{(n \sum X^2 - (\sum X)^2)(n \sum Y^2 - (\sum Y)^2)}}$$

$$(r) = \frac{143(1,621.47) - (79.64)(20.36)}{\sqrt{(143(6,343.53) - 6,343.53) (143(414.53) - 414.53)}}$$

$$(r) = \frac{231,870.21 - 1,621.47}{\sqrt{(907,124.79 - 6,343.53) (59,277.79 - 414.53)}}$$

$$(r) = \frac{230,248.74}{\sqrt{(900,781.36) (58,863.26)}}$$

$$(r) = \frac{230,248.74}{\sqrt{53,022,927,396.83}}$$

$$(r) = \frac{230,248.74}{230,267.08}$$

$$(r) = 0.99992$$

$$(r) = 0.9$$

From the above coefficient of correlation result (r) of 0.99 indicates that the level of adherence to valuation standard and property value certification represented by X and Y variables have a high positive correlation which interprets that the two variables X and Y move in the same direction; but at slightly different magnitude. This shows that a strong relationship exist between them.

### **Conclusion**

The paper has analytically x-rayed the extent of adherence to valuation standard and property value certification of Estate Surveying and valuation practice from global perspective. The findings revealed from the findings in Table 4.2, 4.3, 4.4 and 4.5 that there is an indication of high level of adherence and awareness to valuation standard while 26% still do not use any valuation standard manual while 45% of the valuation reports in the study area have not stated compliance with IVS or any other standards certification statement. Finally the study revealed a strong relationship between the level of adherence to valuation standard and property value certification determined with the use of coefficient of correlation method.

The ongoing measures as well as the steps that are herein suggested would yield the desired improvements in practice standards only if individual valuers and valuation firms avail themselves of the benefits and are willing to adopt necessary changes in practice. Regrettably, earlier studies have pointed out that the awareness of and use of IVS, RICS and even the Standard and Guidance notes of NIESV (2006) were very low among Nigerian valuers and also the valuation practice which presently falls short of international standards and best practices. (Ajayi, 2009; Babawale, 2009/2012 and Gambo, 2014), while Wyatt (2003) noted that even in countries like Britain where the profession has tried to enforce more rigorous mandatory standards backed up by detailed guidance notes, valuers still fall below the required standards.

By and large, it is one thing to set standards which may not be easy to come by, and it is another thing for the professional members to comply with such set standards. In this regard, NIESV and ESVARBON should therefore follow up the set standards in the Green book by enforcement and imposition of sanctions on the erring members after maximum awareness of and use of the Green book must have been created among the members.

### **Recommendation**

Valuation firms should be encouraged to put in place comprehensive quality control measures that will make it unlikely for erroneous valuations to slip through the system. The most common of these is the internal peer review. This can be achieved by setting up a quality control unit within the firm, whereby before any valuation report that is to be sealed and signed out of the firm is checked and vetted by a registered valuer to minimize risks of mistakes, omissions and valuations that cannot be substantiated.

The regulatory bodies (NIESV and ESVARBON) should continue the mandatory training and workshop on the use of the Nigerian Valuation Standards (The Green Book) at the state and national level for better geographical spread to increase the awareness level because the document is still unpopular as it is currently barely used by some practitioners.

The Nigerian Valuation Standards (The Green Book), which is almost a verbatim copy of the IVSC/RICS version, should be revisited NIESV/ESVARBON to accommodate a bit of local contents to make it relevant, and to enjoy wide acceptability and easy enforcement among members.

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