



AN APPROACH FOR RE-ENGINEERING ORGANIZATIONAL STRUCTURE OF REAL ESTATE VALUATION SYSTEM IN TURKEY

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TURKEY

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Introduction

Real estate values are needed in a wide range of applications.

Land Management

Real Estate Development

Land Taxes

Investments

Buy-Sell

Expropriation

Mortgage

Rent

Land Consolidation

Urban Regeneration

and the others...



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Introduction

Many public and private organizations need real estate values.

**Ministry of Transport,
Maritime Affairs
and Communications**

**Ministry of
Interior**

Ministry of Science and Technology

Ministry of Finance

**Ministry of Environment
and Urban Planning**

Municipalities

**Ministry of Forest and
Water Management**

**Ministry of
Culture and Tourism**

and the others...



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Current Regulations

YEAR	LEGISLATION	YEAR	LEGISLATION
1924	Village Law (442)	1982	The Constitution of the Republic of Turkey
1934	Land Registry Law (2644)	1983	Expropriation Law (2942)
1961	Tax Procedure Law (213)	1984	Mass Housing Law (2985)
1961	Income Tax Law (193)	1984	Agricultural Land Reform Law (3083)
1964	Charges Law (492)	1985	Land Development Law (3194)
1964	Land Development and Evaluation Law (1169)	1987	Cadastre Law (3402)
1965	Condominium Law (634)	2001	Turkish Civil Code (4721)
1970	Immovable Property Tax Law (1319)	2005	Municipality Law (5393)
1981	Capital Markets Law (2499)	2012	Law on Redevelopment of Areas Under Disaster Risk (6306)



and more...

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Historical Development

some crucial steps have been taken in appraisal such as;

- ✓ 2001: Appraisers' Association was established in Turkey (DUD).
- ✓ 2001: Capital Markets Board of Turkey (CMB) made arrangements for Appraisal Companies.
- ✓ 2002: Instructors were trained at a University for Appraisal Principles Course.
- ✓ 2002: CMB gave the first exam for certification of appraisers.

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Historical Development

some crucial steps have been taken in appraisal such as;

- ✓ 2002: CMB carried out the first exam for certification of appraisers.
- ✓ 2007: The concept of real estate appraiser has entered to our laws with mortgage law in the first time.
- ✓ 2007: Association of Licensed Appraisal Companies was established as a platform.
- ✓ 2010: The Turkish Union of Real Estate Appraisers (UREA) was established.

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Current Organizations

Capital Markets Board of Turkey



Licensing
Supervision

Turkish Union of Real Estate Appraisers



Standards
Research
Education
Supervision

Association of Licensed Appraisal Companies



Education
Research
Supervision

Appraisers Association



Education
Research
Supervision

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Current Situation

- Valuations are carried out by real estate **valuation commissions** and licensed/unlicensed **private appraisers**.
- The **commissions** make valuations for several purposes in their institutions and are composed of members from several disciplines.
- Except the technical people in suits for **expropriation**, commission members **do not have to have** a license or certificate.

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Current Situation

- Number of the appraisal reports prepared by the Turkish licensed appraisers is 700.000 per annum.
- In the last 30 years, 143 Master's Thesis + 28 PhD Thesis have been published in the country.



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The New "Property Valuation" Project

AIM:

The Project will investigate and develop policies and institutional options for the introduction of the property valuation function in Turkey in line with international best practices.

Policy Development

Pilot Implementation

Capacity Building



The General
Directorate of Land
Registry and
Cadastre of Turkey

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Basic Steps of The Re-Structuring Process - 1

- Implementation of a comprehensive analysis on the current situation of the real estate valuation system in Turkey
- Investigation of expectations of valuation experts from the new system
- Identification of good practices in real estate valuation
- Examining good practices to get inspirations for Turkey

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Basic Steps of The Re-Structuring Process – 2

- Developing a legal, organizational and technical valuation model for Turkey
- Discussing the developed model with experts and, if necessary, carrying out some revisions
- Implementing the model in a pilot area
- Determining the final form of the model considering the issues experienced during the pilot project

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Conclusion



there is need for;

- ✓ re-engineering in real estate valuation system in Turkey,
- ✓ a leading institution is established to manage and organize all valuations carried out for different purposes throughout the country.

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Conclusion



In this context, it is recommended that:

- Municipalities should carry out taxation based real estate valuations.
- This must be done with mass valuation methods.
- In this process, if the relevant municipality does not have adequate infrastructure and experience, valuations can be carried out by tendering process.
- It means, private companies of real estate valuation can perform the mass appraisal works.

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Conclusion



In this context, it is recommended that:

- For this, building up infrastructures for both real estate characteristics and sales prices are very important.
- Private companies can also provide data for those infrastructures and thus all reliable information can be shared between public and private organizations.
- The valuations for expropriations and other purposes should also be made by the experts based on the appropriate regulations.

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