

## THE BOARD OF DIRECTORS

To: TEGoVA Members

*Via e-mail*

Brussels, 23 March 2020

### **Message from TEGoVA concerning valuation during the Pandemic**

The pandemic has rendered real estate valuation work in most countries difficult to undertake in the absence of market activity (transactions are rare if not non-existent) as postulated by the definition of market value. In the circumstances many valuers have included disclaimer clauses in their reports highlighting the uncertain nature of the valuations reported. Whilst TEGoVA supports the insertion of such clauses, it is also aware that in some countries the law and standards may not allow them. Thus, valuers should ensure first and foremost that their reports are in compliance with local law.

TEGoVA also advises that where valuers are instructed to arrive at a market value of a property for a non-statutory purpose over the next few weeks:

- 1) They should first identify the last date (pre-crisis date) when in their opinion a market value of the subject property could have been determined on the basis of the available market evidence and offer an opinion of the value of the subject property at that pre-crisis date. This will set a benchmark value against which the client can usefully gauge the market value reported at the relevant current date of valuation.
- 2) In reporting a value at a current date of valuation, valuers should make clear reference to the comparable evidence relied upon and state the extent to which adjustments if any have been made to that evidence on account of the crisis. If adjustments have been made, the valuer should justify them either on the basis of actual market evidence or reasoned valuer's judgement. Valuers are advised that for the duration of a period of market uncertainty in any particular local market they should not feel obliged to make adjustments (downward or upwards) to the pre-crisis market evidence provided this is made clear in the valuation report. In such a case the reported pre-crisis and current values will be the same subject to any material changes affecting the subject property between the two dates.

**The European Group of Valuers' Associations**  
**Groupe européen des associations d'experts immobiliers**

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In following the advice set out in this communication, valuers should ensure that it is replicated in the Terms of Engagement agreed with the client. Valuers should also recommend that the value of the subject property be kept under frequent review.

Where local law prohibits the use of a disclaimer concerning “valuation uncertainty” or where a client instructs a valuer not to rely on such disclaimer, this should be noted in the Terms of Engagement agreed with the client.

The TEGoVA Board continues to monitor the situation and may issue further advice in due course.

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