



## Beyond Borders: A Global Perspective of International Real Estate Valuation

### CHAPTER 11:

### COMMERCIAL PROPERTY VALUATION IN DEVELOPED VS. DEVELOPING NATIONS

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The practice of commercial property valuation can vary significantly between developed and developing nations, reflecting the differences in market maturity, data availability, regulatory frameworks, and cultural contexts. Understanding these distinctions is crucial for valuation professionals operating in the global arena, as it allows them to adapt their methodologies and approaches to deliver accurate and reliable valuations across diverse market conditions.

#### Developed Nations: Mature Markets and Robust Data

In developed nations with mature real estate markets, commercial property valuation typically benefits from several advantages:

- 1. Availability of Reliable Data:** Developed markets often have well-established data infrastructure, providing access to comprehensive and reliable information on property transactions, market trends, and economic indicators[1].
- 2. Standardized Valuation Practices:** Valuation standards and methodologies are generally well-defined and widely adopted, promoting consistency and transparency in the valuation process[2].

- 3. Regulatory Oversight:** Developed nations typically have robust regulatory frameworks governing valuation practices, ensuring compliance with professional standards and ethical guidelines[3].
- 4. Market Transparency:** Mature markets tend to exhibit higher levels of transparency, with readily available information on property listings, transactions, and market dynamics[4].
- 5. Advanced Valuation Techniques:** Valuation professionals in developed nations often have access to advanced valuation techniques, such as automated valuation models (AVMs) and sophisticated data analytics tools[5].

#### Developing Nations: Challenges and Adaptations

In contrast, commercial property valuation in developing nations often faces unique challenges:

- 1. Limited Data Availability:** Developing markets may lack comprehensive and reliable data sources, hindering the accuracy of valuations and necessitating alternative data collection methods.
- 2. Evolving Valuation Standards:** Valuation

standards and practices may be in the process of development or adaptation, leading to potential inconsistencies or variations in methodologies.

- 3. Regulatory Gaps:** Regulatory frameworks governing valuation practices may be less developed or inconsistently enforced, creating potential compliance challenges.
- 4. Market Opacity:** Developing real estate markets can exhibit lower levels of transparency, with limited access to information on property transactions and market dynamics.
- 5. Cultural and Local Market Nuances:** Valuation professionals must navigate cultural nuances, local market practices, and varying perceptions of risk and value, which can influence valuation approaches.

To address these challenges, valuation professionals operating in developing nations often employ the following strategies:

- 1. Collaboration with Local Experts:** Partnering with local valuation professionals and industry experts who possess deep knowledge of the market dynamics and cultural nuances.

2. **Adaptation of Valuation Methodologies:** Modifying and adapting valuation methodologies to account for data limitations, market imperfections, and local market practices.
3. **Emphasis on Due Diligence:** Conducting thorough due diligence and on-site inspections to gather relevant information and validate assumptions.
4. **Incorporation of Local Market Studies:** Conducting localized market studies and research to supplement limited data sources and gain insights into market trends and dynamics.
5. **Continuous Professional Development:** Investing in ongoing education and training to stay updated on evolving valuation practices, regulatory changes, and emerging market trends in developing nations.

valuation professionals can tailor their approaches, leverage local expertise, and continuously adapt their methodologies to deliver reliable and context-specific valuations across diverse global markets.

**Sources:**

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- [3] Theory and practice of real estate valuation in developing countries (UCT, 2022)
- [4] Asset valuation and business development in developing nations (Punch, 2023)
- [5] Understanding the Impact of Current Economic Trends on Commercial Property Valuations (LoweryPA, 2023)

**Citations:**

- [1] <https://www.mdpi.com/2073-445X/10/12/1352>
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- [3] [https://www.researchgate.net/publication/326438786\\_Property\\_Valuation\\_Practice\\_In\\_Developed\\_Countries\\_A\\_Case\\_of\\_Hong\\_Kong](https://www.researchgate.net/publication/326438786_Property_Valuation_Practice_In_Developed_Countries_A_Case_of_Hong_Kong)

[4] <https://open.uct.ac.za/handle/11427/37410>

[5] <https://lowerypa.com/2023/11/28/understanding-the-impact-of-current-economic-trends-on-commercial-property-valuations/>

By recognizing the distinct challenges and opportunities in developed and developing markets,



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