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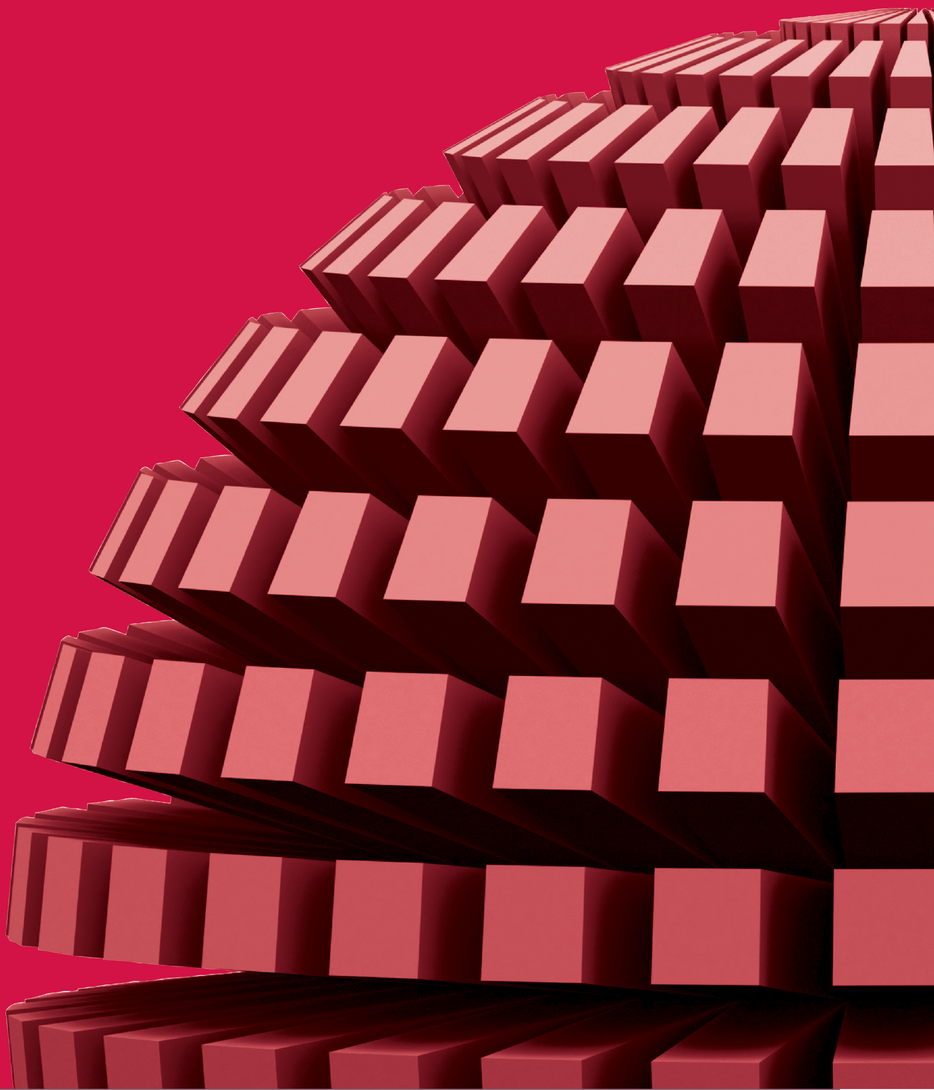

RICS Valuation – Global Standards: Cyprus national supplement

2nd edition, September 2021

RICS VALUATION – GLOBAL STANDARDS: CYPRUS NATIONAL SUPPLEMENT

National supplement

2nd edition, September 2021

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Part 1 Introduction

This national supplement sets out supporting guidance for *members* on the application of *RICS Valuation – Global Standards* (Red Book Global Standards) to *valuations* undertaken subject to the jurisdiction of the Republic of Cyprus.

It places fresh emphasis on the fact that the content is supplemental to that in Red Book Global Standards, and not in substitution for it. This removes the need for an overall Introduction reproducing that in Red Book Global Standards.

Scope

1 This national supplement complements Red Book Global Standards, which incorporates the latest *International Valuation Standards,* and local statutory requirements in respect of the *valuation* of *real estate* property.

2 This document is intended to highlight only the significant differences in terminology and in the content or coverage of *valuation* standards.

The following conventions are adopted throughout:

- Terms defined in the Red Book Global Standards *Glossary* are shown in italics.
- References to Red Book Global Standards use the relevant global section identifier only, e.g. **PS 1**, **VPS 1**, VPGA 1, etc.

Status of this RICS national supplement

3 This national supplement includes mandatory Cypriot professional standards (CPS) and valuation technical and performance standards (CVPS), as well as advisory valuation practice guidance applications (CVPGA). *Members* must comply with mandatory requirements and are strongly encouraged to follow CVPGAs as a matter of best practice when undertaking *valuation* assignments subject to Republic of Cyprus jurisdiction.

More specifically:

- Where recommendations are made for specific professional tasks, these are intended to represent best practice, i.e. recommendations that in the opinion of RICS meet a high standard of professional competence.
- *Members* conforming to the practices recommended in this national supplement should have at least a partial defence against an allegation of negligence.
- In the event of a legal dispute, a court or tribunal may require a *member* to explain why they deviated from best practice recommended in this national supplement. Also, if *members* have not followed this national supplement and their actions are questioned in an RICS disciplinary case, they will be asked to explain their actions, and this may be considered by the RICS Panel.
- In addition to this national supplement, professional statements and guidance notes are relevant to professional competence in that each *member* should adhere to and have

knowledge of relevant RICS standards and guidance within a reasonable time of their coming into effect.

4 This national supplement reflects case law and legislation as at its date of publication. *Members* are responsible for establishing whether any changes in case law or legislation after the date of publication have an impact on the guidance in this document.

Effective date

5 This national supplement takes effect immediately upon publication.

Naming conventions explained

Description	Status	Inclusions	Comments
Standards	Mandatory	• *International Valuation Standards* (IVS) as issued by the International Valuation Standards Council (IVSC). • RICS professional standards – denoted by the prefix PS. • RICS valuation technical and performance standards – denoted by the prefix VPS.	The IVS are adopted and applied by RICS in Red Book Global Standards, being cross-referenced throughout.
Guidance	Advisory	• RICS valuation practice guidance applications – denoted by the prefix VPGA.	VPGAs are advisory and not mandatory in content. However, they alert *members* (where appropriate) to relevant mandatory material contained elsewhere in this Red Book supplement, including to the relevant IVS, by the inclusion of appropriate cross-references.

RICS also separately publishes guidance from time to time on other valuation topics in the form of guidance notes. Such material is advisory in nature. It is available on the RICS website.

Part 2 Valuation standards

Overview

1 The purpose of this document is to assist valuers who are members of RICS in ensuring that a valuation undertaken in accordance with *RICS Valuation – Global Standards* is also compliant with any applicable legislation, regulation and professional practice in the Republic of Cyprus.

2 Globally recognised high-level *valuation* principles and definitions are now embodied in the IVS, published by the IVSC. RICS has long been a supporter of, and contributor to, the development of such global standards, and not only fully embraces such standards but also proactively supports their adoption by others around the world. Before considering how these shared objectives are put into practice on the ground, it is helpful to explain the derivation and purpose of Red Book Global Standards in more detail.

Applicable RICS standards

1 *RICS Valuation – Global Standards*, commonly referred to as Red Book Global Standards, formally recognises and adopts the latest IVS, therefore requiring *members* to follow them. It also complements the IVS by providing detailed guidance and specific requirements concerning their practical implementation.

2 Expectations regarding *member* and *firm* conduct are set through the application of the *RICS Rules of Conduct* and the RICS *Global Professional and Ethical Standards*, and such conduct is assured through a well-established system of regulation. This ensures the positioning of *members* and *firms* as the leading global providers of IVS-compliant *valuations*.

3 To assist *members* working in different countries or under different jurisdictions with the practical application of Red Book Global Standards in individual national or local contexts, RICS issues a number of jurisdiction-specific national supplements, highlighting additional steps that may be taken to make a *valuation* that is compliant with both locally required standards and Red Book Global Standards.

4 *Members* are reminded that:

- All *members* who undertake *valuations* are required to comply with the RICS Valuer Registration requirements. Full details of the requirements can be found at **www.rics.org/vrs**
- All *members* who are RICS Registered Valuers are obliged to follow Red Book Global Standards as the primary *valuation* standard. *Departures* from Red Book Global Standards are permitted in certain specified circumstances (see **PS 1 sections 4 and 6**). Compliance with jurisdictional standards (which may extend to matters not covered in Red Book Global Standards, such as compulsory acquisition) is also recognised as proper in the circumstances described in **PS 1 section 4**.

- When an allegation of professional negligence is made against a *member*, a court or tribunal may take into account the contents of Red Book Global Standards in deciding whether or not the *member* acted with reasonable competence.
- *Members* are reminded to ensure, when conducting their professional activities in the Republic of Cyprus, that they are also following any appropriate country-, state- or municipality-specific regulations and guidance.

Part 3 National background and standards

Background

1 RICS Cyprus has published this national guidance for *members* active in the Republic of Cyprus. It is intended to facilitate application of Red Book Global Standards in the country for all assets, and aims to demonstrate how Red Book Global Standards can be applied to market conditions and the legal system in the Republic of Cyprus.

2 Any recommendations made in relation to specific tasks should be understood as 'best practice' recommendations, i.e. recommendations that RICS considers to represent a high level of professional expertise.

3 Red Book Global Standards recognises that it is perfectly proper for *members* to comply with *valuation* standards other than those set out in Red Book Global Standards where these apply within a particular jurisdiction, provided it is absolutely clear which standards are being adopted. This does not preclude the *valuation* being declared as performed in accordance with Red Book Global Standards.

Valuation regulations – summary

1 There is no written guidance or legal regulation affecting property *valuation* in the Republic of Cyprus. However, it is widely recognised and accepted that Red Book Global Standards must be adopted when undertaking written *valuations*.

2 The valuation profession is regulated by the Scientific Technical Chamber of Cyprus (ETEK) but specific procedures, standards and methodologies are not in place.

Qualification requirements

1 Registration with ETEK is mandatory in order to be a licensed valuer in Cyprus. ETEK has a land valuation category for this purpose. Applicants must hold a degree, diploma or other recognised qualification, details of which are set out in Article 7 (1)(a) of the Scientific and Technical Chamber of Cyprus Law 224/90. Applicants are advised to contact ETEK to confirm their particular qualification is recognised.

Part 4 Cypriot professional and valuation standards – mandatory

Professional standards

CPS 1 Compliance with valuation standards within the Republic of Cyprus jurisdiction

1 *Members* must take care to ensure compliance with Republic of Cyprus law and any other authoritative requirements when providing valuation services (as defined in **PS 1**) that are subject to Cypriot jurisdiction. For the avoidance of doubt, the requirements and supporting guidance set out here modify or supplement Red Book Global Standards, with which *members* undertaking or supervising valuation services must otherwise continue to comply at all times.

Implementation

2 It is important that *members* are not only aware of their general obligations under Cypriot law, but are also alert to specific requirements that may arise according to the particular valuation assignment on which they are engaged, under secondary legislation or regulation, or other authoritative requirements.

3 Compliance with such requirements will often be a matter for a valuer's client in the first instance, but the valuer is expected to provide the necessary professional advice to support the client in the discharge of that responsibility. Occasionally, however, a responsibility or duty may be placed directly on the valuer.

Valuation technical and performance standards

CVPS 1 Forced sale value

1 The majority of financial institutions in Cyprus request a forced sale value in mortgage lending valuation reports.

2 **VPS 4 section 10** states that the term 'forced sale value' must not be used, and although advice may be given on the likely realisation in forced sale circumstances, the term must not be described or used as a basis of value. IVS 104 recognises forced sale as a 'premise of value'. *Members* asked to provide a forced sale value for a property in Cyprus should refer to **VPS 4 section 10** and IVS 104, which explain the circumstances of a forced sale valuation. They summarise the matters to be considered and the approach the valuer must take.

3 It must be recognised that, since there is no consistent approach to the estimation of the forced sale value (which will vary according to the circumstances of the area, the property and the market), the percentage reduction from *market value* will not be consistent. A forced sale value is an indicative figure and must only be provided when specifically requested for loan purposes.

4 Valuers in Cyprus must only use the term 'forced sale value' in the context of a request from a financial institution in connection with a proposed loan to be secured on a property. Valuers must ensure that there is no risk of confusion with *market value*. Any *special assumptions* made in arriving at an opinion of forced sale value must be clearly set out in the *terms of engagement* and the *valuation* report.

Part 5 Cypriot valuation practice guidance applications – advisory

CVPGA 1 Agricultural land

1 In Cyprus, there is a history of a deep personal attachment to the land, dating from a time when most of the population derived its income from agricultural activities. As a result, agricultural land had significant investment value (or worth) to its owners. In recent years, however, this has tended to diminish.

2 The *Policy Statement for the Countryside*, published by the Cyprus Department of Town Planning and Housing, clearly states that any residential development on land within Agricultural Planning Zones is prohibited, apart from in exceptional cases where the authority can exercise its discretion for social reasons to allow, under special circumstances, small-scale residential development such as the erection of a single house or a few housing units. However, this discretion over the years became a sort of unofficial owner entitlement, since the planning authority exercised it freely and without much attention to individual circumstances. This unwritten policy created many problems over the years:

- Infrastructure for water supply, electricity, roads, garbage collection, postal services, etc. needed to be available to agricultural landowners who had obtained planning permission for the erection of residential units. This practice increased the government's expenditure in providing such infrastructure.
- Agricultural land prices did not reflect agricultural values, since such prices included the prospect of residential development.
- Mortgages granted for such properties sometimes reflected the higher values resulting from such development potential.
- The policy created an unreasonable variation in values, without any consistency, since the prospect for residential development was sometimes unrealistic.

3 Surveyors often had to follow the trend and adjust their valuations to reflect market practice, taking into consideration the unwritten owner entitlement since the comparable evidence in the immediate vicinity could support this approach.

4 *Members* should therefore exercise caution when valuing such properties. In particular, they should carefully consider these factors when analysing comparable evidence.

5 These provisions are included in the *Policy Statement for the Countryside* and apply to agricultural parcels in rural areas. They do not reflect the planning and potential development status of properties in Local Plans, with the designation 'Γα', for which different provisions apply.

CVPGA 2 Leasehold valuations

1 Long-term leasing is not a common form of tenure in Cyprus, where most occupiers are freeholders. This makes valuation of the limited number of leasehold interests a complex undertaking.

2 In order to value leasehold interests in properties, it is necessary to use the profits method and comparable rents. There is limited comparable rental evidence, which means that such evidence, if available, can be unreliable. Accurate estimation of the rental value of a property may therefore be difficult. The sale of leasehold properties is even more infrequent. Therefore, it is necessary to adopt several valuation methods in order to arrive at an opinion of value. This applies in the case of both buildings and land.

3 In the case of buildings, analysing the rents can be easier because there is generally more information available. Where there is insufficient information, it is common to estimate the capital value by using evidence from comparable sales, and then decapitalise this by applying an appropriate yield figure. Where yield information is scarce, the cost approach may be used as the method of last resort by valuing the land and adding to this figure the depreciated cost of the building. The cost of the building may include the developer's profit in addition to the cost of construction, depending on the type and use of the property. The total value of the land and building is then decapitalised to arrive at a rental value.

4 For land or site value, it is common to calculate the rental value by applying the expected yield for the particular use of the property to the capital value, for which there is usually more evidence than for rents. There are certain regulations for the leasing of state land (ΚΔΠ173/89) where, for certain categories and uses of property, the yield to be applied is specified. The rental value of state land is therefore calculated by applying the specified yield to the capital value. These yields are derived from the market yields for each category, especially for tourist and industrial land. Yields for other commercial land uses are not specified so an alternative index must be used, such as the RICS Cyprus Property Price Index.

5 Leasing is most often encountered on industrial estates. Elsewhere, leasing is not common and the lease terms are not particularly onerous, either for the landlord or tenant. Usually, their respective obligations are not described in detail and therefore, depending on the contract, the variables to be accounted for in preparing a valuation may not be very reliable.

6 For the valuation of long leasehold interests, the yield applied to capitalise the profit rent will be higher than that for the freehold interest, reflecting the higher risks involved. Leases for commercial or industrial purposes sometimes contain clauses for the payment of a premium, which has to be taken into consideration for valuation purposes, as should the costs of any capital expenditure and improvements.

7 For retail and residential tenancies, rent control legislation applies (under the *Rental Law* N23/1983 as amended). Valuers of leased residential properties must be familiar with this legislation.

8 For property usually valued using the profits method, it should be noted that it is common practice in Cyprus to apply the profits method only to the land element, and to employ the depreciated replacement cost approach for the buildings. This can lead to inaccurate results when valuing leasehold properties, since the depreciated replacement cost approach does not account for the use of the property for the leasehold's remaining period. Valuers are therefore advised to use the profits method for the valuation of the whole property and not merely for the land component.

9 *Members* should also take into account the following considerations when valuing leasehold interests:

- Leasehold agreements related to state land usually have a clause that forbids the transfer of the leasehold interest to any physical or legal entity that does not perform the same type of business as that specified in the initial agreement. In such cases, therefore, the value of the leasehold interest must reflect any such restrictions in the use of the property. Valuation reports should include commentary on all the assumptions that have been made in arriving at the opinion of value.
- Leasehold agreements for state land usually do not permit the transfer of the leasehold ownership during the final 7 years of the lease term. Valuers should be extremely cautious when valuing leasehold interests with 7 years or fewer remaining. They should clearly state the effect of the clause and be careful to reflect the true market value of the leasehold interest.
- Valuations of leasehold interests do not usually include any goodwill/business value or any machinery, stock or other equipment not attached to the property. Valuers should clearly state that the valuation does not account for any of these.

CVPGA 3 Insurance value assessment

1 Financial institutions often request that valuers include an insurance value (a replacement and/or reinstatement cost figure estimate for insurance purposes) in their report. In such cases, *members* should include commentary to emphasise the limitations of the figure provided, which should be described as 'indicative'. The following format is recommended:

> 'The figure calculated is indicative and is based on an approximate estimate of the average cost of construction, as published by the Cyprus Statistical Service Authority [or any other appropriate source], adjusted to account for factors such as the quality of the subject building, age, materials used, etc. If a more detailed cost analysis is needed, a quantity surveyor should be engaged.'

2 In addition, for cases where the land and buildings method is used (as described in CVPGA 5 below), the following commentary (adapted as necessary) is recommended:

> 'Any differences observed between the indicative insurance values quoted and the value of buildings as estimated using the "land and buildings" method are due to the approach employed when using this methodology. The building value quoted in the "land and buildings" method does not represent an estimate of the construction cost for the building on site, but is rather an adjusted value for the building, which combined with the estimated value for the land reflects the total estimated market value for the subject property.'

3 If a formal report by a quantity surveyor on rebuilding costs is provided, this should usually be adopted for the insurance value quoted in the *valuation* report.

CVPGA 4 Buildings without final approval

1 In Cyprus there can often be a prolonged delay in the issuing of title deeds. This can be a cause of dispute between buyers and sellers, who may have had a contractual agreement dating from some years before. The main reasons for the delay are:

- bureaucracy or inefficiency of government authorities
- changes made by the owners during or after the construction works, thereby deviating from the relevant building permissions
- financial difficulties of the construction or development companies, or the owners, leading to non-payment of the taxes that must be paid before the issuance of the title deeds
- lenders (mortgage institutions) who delay or refuse the transfer of mortgages over to the new title deeds without first settling existing loans, or
- completion of the building, or units in a joint development, but failure by the developer to complete additional infrastructure works (e.g. the road network, green areas, etc.).

2 Issues with such delays have led to a change in the law. Since 2011, if owners/developers do not apply for the issuance of the title deeds, the buyer has the option of applying to start the process. This can also be done by the government (*ex officio* cases).

3 A European Commission paper, *The Economic Adjustment Programme for Cyprus* (July 2014), included, in paragraph 5.3 of the *Memorandum of Understanding on Specific Economic Policy Conditionality*, a requirement for the Cypriot authorities to commit to issuing the remaining unissued title deeds. This led to a significant reduction in the number of outstanding deeds.

4 Consequently, the Central Bank of Cyprus issued a Circular on 22 February 2016 to all banks, which included the following statement:

> 'In cases of purchasing a property under construction, the value used for determining the LTV [loan-to-value ratio] is the market value after the completion of construction works of the project, and not the market value of the property after the issuance of the title deeds'.

5 The same principle has been applied by banks for all incomplete properties or properties under construction, where two *valuations* are required:

- the *market value* of the property in its current state and
- the *market value* of the property upon completion, with a *special assumption* that it is complete on the *valuation date* (i.e. newly built without an issued title deed).

6 In these circumstances, there are two important issues that should be taken into account when estimating the *market value*. These are:

- The reported *valuation* figure should reflect the *market value* of a newly constructed unit/property as delivered to the first end user before the title deeds have been issued. It cannot be assumed that title deeds have been issued because there is still likely to be a relatively long time between completion of construction and issuance of the title deeds.
- Valuers should review and compare the construction on site with the approved architectural plans and the planning permit requirements. If it appears that all construction works have been completed and all requirements of the planning permit are satisfied, the issuing of title

deeds can be considered a purely procedural matter that should not materially affect the value of the property.

CVPGA 5 Land and buildings

1 The cost approach (**VPS 5**, and in more detail IVS 105) has been described as 'the method of last resort'. However, this method is widely used in Cyprus, especially when evaluating single housing developments, for the following reasons.

- There is often a lack of directly comparable evidence, which can be due to discrepancies in the area of the land in relation to the building, the area of the building itself, the quality of materials used, the age of the building, its state of repair, etc.
- Discrepancies may also arise from a lack of available information or transparency in the comparable data, for example in terms of internal area, the inclusion or otherwise of covered verandas, uncovered verandas, basements and attics. Therefore, there may be no accurate way of adjusting comparable transaction figures before applying them to the subject property.
- On many occasions, the allowable building density is not fully utilised, either for the property under study or for some of the comparable evidence, a fact that hinders an accurate comparison.

2 For these reasons, and also because in certain cases financial institutions are required by the Central Bank of Cyprus to report a separate figure for the land and the buildings, the cost approach is often used to value the buildings on the land. This must take into account the specifics of the property in question: its age, materials, state of repair, developers' profit (where applicable), etc. It should be made clear in the report that the figures reported for Central Bank of Cyprus purposes are indicative and may not represent the *market value*, and that they may also not reflect the current cost of construction of the building, due to adjustments made to reflect the circumstances of the existing structure.

3 For the land element, comparable evidence is more frequently available and must be adjusted to allow for the specific location and other characteristics of the subject property. The reported value in these circumstances will be the sum of the cost method applied to the buildings plus the land value. It is recommended that valuers should critically examine the outcome and should in particular consider any other available evidence such as, for example, asking prices.

4 It is important that the *basis of valuation* is made clear, both in the *terms of engagement* and in the report, for the following reasons.

- The resultant aggregate figure (land and buildings) may not accord with the *market value* of the property as a single asset. For example, the existing use of the buildings might not be the highest and best use of the property.
- An apportionment of the *market value* of the entire property between its constituent parts may not necessarily accord with the individual figures arrived at for those parts in isolation.

5 Valuers should note that this method has been accepted by the Republic of Cyprus Court due to its simplicity. Furthermore, the Inland Revenue Office may also ask for a separation between land and buildings to be made for tax purposes.

Valuers are advised to avoid the use of the cost approach when:

- the property is rented or can produce income from rent, in which case the use of the investment method is more appropriate, or
- the property is trade-related, in which case the profits method is preferred (VPGA 4).

6 Where there is a lack of adequate financial information or the property is not currently fully utilised, the application of the cost approach may be unavoidable, but it should always be used with caution. Also, it may be advisable to utilise a combination of methods to arrive at a reconciled opinion of value, assigning specific weight to each method.

CVPGA 6 Vacant land for development

1 Best practice underpinning the valuation of development land is contained in **Valuation of development property**, RICS guidance note. This guidance advises that, whenever possible, both the residual method of valuation and the market comparison approach should be used, and it gives guidance on the weight that should be attributed to each method in reconciling a value. This can vary between individual properties and depends upon the quality and reliability of the evidence underpinning each method.

2 It also gives advice on the application of the different inputs necessary to undertake the residual method of valuation. These can vary depending upon whether a basic residual approach or a more complex discounted cash flow approach is used. The basic residual approach entails estimating the gross development value (GDV) of the completed development and deducting from it the gross development cost (GDC) to be incurred, to arrive at the residual value. The GDC includes notional finance on the costs of development and a single profit element based on simple return on cost or development value. This residual value, on account of the use of the notional finance costs, has been estimated at the end of the development period, so it must be discounted back to the beginning of the development period to determine the present site value (PV), at an appropriate discount rate.

3 Care must be exercised in undertaking the valuation to ensure that the end result is realistic, when judged against the available market evidence for comparable sites.

4 In a residual valuation, the GDV can be estimated either with the comparative method (applied to the final product of the completed development) or the investment method based on the potential rent the completed development may produce and a suitable capitalisation rate. A proper market analysis is required to help the valuer decide on the absorption rate and the time to sell/rent the property.

5 It is important that the scenario analysed to calculate GDV must be the highest and best use (or very close to it). There are four criteria for the identification of the highest and best use that the valuer can apply:

- legally permissible
- physically possible
- financially feasible and
- maximally productive.

6 The application of the residual method, whether a basic residual or a discounted cash flow, includes the following assumptions/parameters:

- price/rent of the product (normally expressed as €/sq m), and may need a capitalisation rate (%) dependent upon the type of property
- construction cost (normally expressed as €/sq m) and contingencies
- professional fees (as a percentage of the costs)
- taxes (as a percentage), where applicable and depending on the scenario analysed
- estate agents' fees and other marketing expenses (as a percentage)
- time parameters:
  - lead-in period
  - construction period
  - absorption period.

7 Profit also needs to be included. In a basic residual, the profit will be based on a simple return metric such as return on cost or on completed development value. In a discounted cash flow, the return is included in the discount rate and this rate will also take into account any finance costs, which should not be included in the cash flow. In a basic residual, the time parameters need to be used to determine a notional borrowing cost, based on constant drawdown of borrowing through the construction phase of the development, plus any interest on those borrowings through the post-construction phase until the expected sale date.

8 The level of return will vary depending upon the treatment of the costs and values in the residual valuation. If costs and values are inflated over the development period, the profit return measures and discount rates are based on comparative returns on other assets also appraised using growth and inflation factors. If current costs and values are used, the return metrics should be suitably reduced to those that are comparable to other appraisals using current costs and values.

CVPGA 7 Data from the Department of Lands and Surveys

1 Reliable comparable evidence is fundamental to an accurate valuation. The main source of comparable evidence in Cyprus is provided by the Department of Lands and Surveys (DLS). Access to this database is given to valuers who are registered with ETEK.

2 The database may be searched to show a record of all sales that took place in a specific area during a given time period. In this dataset, there two indications of value: the declared amount and the accepted amount. The declared amount is the sum that the seller and the buyer declared as the amount exchanged at the specific date, while the accepted amount is the figure adopted by the DLS for the estimation of the transfer fees. The accepted amount is based on a desktop valuation made by the DLS.

3 The accepted prices should be treated with great caution, as the DLS is known for its tendency to increase the prices. Another source of information is sales contract data provided by the DLS. This does not include desktop valuation information from the DLS.

4 DLS transactions marked as loan restructuring or debt-to-asset swaps do not fall under the definition of *market value*, so this information should be treated with caution and should be used only in cases where no other data is available. Valuers are also advised to examine the planning zone and/or the status of the property at the transaction date, as it might differ from that on the *valuation date*.

CVPGA 8 Values from the Cyprus General Valuation

1 The Cyprus General Valuation is a mass appraisal of properties undertaken by the government, principally for taxation purposes. Mass appraisal is the valuation of a large group of properties using common data, standardised methods and statistical testing. Like single property appraisal, mass appraisal is rooted in the three traditional approaches to value: direct comparison, cost and income. The differences are the scope of work and the tools used to complete the analysis.

2 For municipal authorities, which base taxes on the *market value* of property, mass appraisal is an efficient and cost-effective way to value all properties in a uniform manner because properties with similar attributes in the same locality will be allocated the same value. By using mass assessment, it is possible to produce relatively accurate values that can be explained to property taxpayers.

3 For the purposes of the Cyprus General Valuation, mass appraisal relies on data from the DLS to develop an automated valuation model that estimates property values using mathematical modelling.

4 On 5 July 2019, the DLS published the latest results of the Cyprus General Valuation with a reference date of 1 January 2018. These results were derived using mass appraisal techniques. The previous results had a reference date of 1 January 2013, and the first Cyprus General Valuation had a reference date of 1 January 1980.

5 It should be noted that a value estimated using mass appraisal techniques should be used only for taxation purposes, and cannot be used as an accurate *market value* or relied upon in the calculation of the *market value* for a particular property.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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