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Evaluation of properties in Poland

Particular character of Polish property system
is the result of historical conditions.

Poland as a sovereign State ceased to exist in 1772, and its territory was divided between Prussia, Austria and Russia. And when in 1918 Polish State appeared again on the map, its territory from the geometrical point of view was managed by Prussian and Austrian cadaster. The Russian cadaster did not exist.

Over the small part of the territory which was former under Russian rule, was then spread its own cadaster called zamojski.

The second world war caused, that the Polish State come into being in completely new borders, inside of which, the areas of former Prussian and Austrian cadaster was found (both of them originated from about 1865) and because of them up to now in Poland exists the system of area "conservation", maintained in present day Poland with great effort and technological modernity thanks to determination of land surveyors.

Therefore we have lasting to the present day consequences of the legal and geometric character.



After the entrance of Poland to the European Union and earlier transition to the market economy, the problem arised of evaluation of properties.

The difference between English and German philosophy of evaluation caused the coming into existence the Polish version of evaluation philosophy. The object of my lecture is to present the Polish philosophy of properties evaluation.

Now, when the market economy became the fact in Poland, appeared not know elsewhere coincidence of complications, related, simplifying, to land properties.

What is the point?

- In the regions with organized cadaster, areas of individual properties, which are fundamental values in the process of evaluation, were known; certain in legal and formal meaning.
- At least 50% of properties did not have, in spite of all, ordered legal status in the meaning of existence of real-estate register.
- Real estate market existed only in the form of individual transactions of purchase and sale deeds.

The need of creation capital market of real estates caused borrowing inspiration from English standards and the famous “Red Book” became the first Polish guide for first Polish licensed real estate appraisers. It was 1992.

And this is the first element which is typical for specific, polish appraisal philosophy and the rules of functioning of real estate market in Poland.

Specification of approaches, methods and techniques applied in real estate appraisal in Poland.

1. Comparative approach		2. Income approach		3. Cost approach		4. Mixed approach	
Methods	Techniques	Methods	Techniques	Methods	Techniques	Methods	Techniques
1.1 Comparison in pairs	-	2.1 Investment	2.1.1 Direct capitalization 2.1.2 DCF	3.1 Reproduction costs	3.1.1 Detailed 3.1.2 United elements 3.1.3 Coefficient	4.1 Remainder	
1.2 Correction of average price	-	2.2 Profits	2.2.1 Direct capitalization 2.2.2 DCF	3.2 Replacement costs	3.2.1 Detailed 3.2.2 United elements 3.2.3 Coefficient		4.2 Liquidation costs
1.3 Statistical analysis of market	-	-	-	-	-	4.3 Estimated coefficients of land	

The third element of the Polish philosophy of property evaluation is still standing opinion that the cost approach and the mixed approach may generate values which are not the market values.

The fourth element of the polish philosophy of property evaluation is the requirement of preparing very extensive appraisal report.

Polish appraisal reports are characterized by unbelievable amount of details, which are place there only for the customer needs.

The psychological factor is of a great importance here, all the more, that in Poland does not exist a system of appraisal reports verification! From that fact results the redundancy in appraisal reports.

The fifth element of Polish philosophy of evaluation is recognition that , the process of appraisal is the measuring process, which include some of SI System units (m, sec), derived units of SI System (m², m³) to express the result in monetary units, which have nothing in common with SI System.

Awareness of the fact leaded to introduction to polish philosophy of evaluation rules of approximate numbers.

Thanks to this, the final result of evaluation, which is a number properly rounded according to mathematical rules, is simultaneously a carrier of information about the accuracy of the evaluation process.

I think, I present this as final conclusion, that the Polish philosophy of evaluation and of the real estate market may be helpful for those countries which started to construct their systems.