



Valuations or Speculations?

CHALLENGES AND RECOMMENDATIONS FOR PROPERTY VALUATION IN LEBANON

This policy report highlights the critical shortcomings of Lebanon's fragmented, opaque, and unregulated property valuation system, identifying it as a key barrier to equitable urban recovery. The absence of a reliable and standardized framework for property valuation has exacerbated the housing crisis, eroded trust in the real estate market, facilitated tax evasion, and compromised the state's ability to capture and reinvest land value for public benefit.

Based on a participatory valuation exercise under the Land Policy and Valuation Project, the report documents how valuation

practices in Lebanon suffer from institutional fragmentation, conflicting interests, lack of oversight, inconsistent methodologies, and limited access to reliable data.

The report concludes with five key recommendations: 1) establishing a centralized and accessible property data bank; 2) standardizing valuation methods based on international best practices; 3) introducing formal training and certification for valuers; 4) developing a mass valuation model; and 5) empowering the public sector to lead systemic reform.

POLICY REPORT
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1. Introduction

The absence of a fair, transparent, and reliable property valuation system in Lebanon is one of the main factors exacerbating the unfolding financial crisis and impeding recovery. Without an objective and reliable method that is unanimously adopted across public institutions, private entities, and non-profit organizations, it is difficult for taxpayers not to feel wronged in the way their properties are valued or for buyers to feel confident to invest in land.

For decades, real-estate was presented as Lebanon's booming sector and land as the country's most secure asset.¹ Numerous public incentives were introduced to encourage capital flows into real estate, but little was done to discipline the market or create transparency in property valuation processes. Eventually, the absence of objective references or guidelines for determining the price of land perpetuated the myth of a real-estate market that never loses value throughout Lebanon's post-war years. At the same time, erratic and contradictory valuations facilitated tax evasion and illicit investments, reduced public revenues, and eventually eroded trust in housing and land markets, undermining the right to housing.

As Lebanon sinks further into the financial meltdown, this report starts with the premise that a just and transparent property valuation system is critical to the success of any fair and effective national recovery plan. This assessment is widely upheld by several public officials across multiple agencies and directorates, as well as international development bodies. Indeed, proposals for urban recovery strategies, particularly those that hinge on principles of value recovery and value sharing² that would finance infrastructure upgrades, affordable housing,

and other key components of urban development, are hampered by the lack of a reliable property valuation framework.³

This policy report aligns with the objective of advocating for the development of a just valuation system for Lebanon's property market. Building on the findings of the "Land Policy and Valuation Project" [Check Case Study p.4], it argues for the urgent adoption of property valuation standards and the introduction of a mass valuation system in Lebanon. The report first highlights the importance of an effective and reliable property valuation system. It then moves to outline the main research findings that expose the depth of the challenges currently affecting property valuation processes in Lebanon. It concludes with five key recommendations on interventions that can help improve and streamline property valuation systems, particularly in their relation to improved urban governance in Lebanon.

2. Why Property Valuation?

It is widely believed that the adoption of a transparent and reliable property valuation framework⁴ is a pre-requisite to effective land governance, and the establishment of a healthy, efficient, and just real estate sector in a liberal economy. For private investors, a reliable property valuation system is critical for the viability of development and investment projects. Such systems increase confidence in the market, and boost informed decisions regarding property sales, purchases, or investments. For financial institutions such as banks and lending agencies, particularly those issuing loans to finance development activities, reliable property valuation supports informed lending decisions and is essential for a realistic assessment of collateral property value



Figure 01. Real estate Developments in Beirut, 2023. Source: Beirut Urban Lab

and financial market stability⁵. For city-dwellers who have been widely incentivized to invest their life savings in housing acquisition, a just valuation system is critical in informing decisions and providing minimal protection. Most importantly, for state institutions, reliable property valuation systems improve public revenue generation⁶, contain sharp fluctuations in the real estate market⁷, and secure fair and proportionate capture of land value increments that can be reinvested in more equitable cities⁸. Robust and accurate valuations ensure that public revenues and collected taxes are proportionate to the market value of land, hence balancing appropriately public and private rights and responsibilities. Accurate capture of property taxes and revenues enables public authorities to reinvest in public projects such as infrastructure upgrading, affordable housing and projects of social benefit. Uniformity and best practices in valuation also foster credibility and trust in public coffers, evoking a sense that people are paying their fair share, thereby promoting social equity for the welfare of urban communities⁹. Indeed, when citizens view tax assessments as fair and just, tax compliance increases, and taxation systems become more efficient. Additionally, reliable valuation systems can help stabilize real estate markets and limit speculation by serving as a reliable reference point for buyers on market prices and property values.

Recognition of the needed trust in a fair and reliable valuation system has encouraged countries worldwide to adopt valuation standards such as procedural rules and guidance that would be implemented by property valuers. Such regulatory frameworks typically build on well-known best practice, based on accepted and robust principles and methods that have been tested in numerous countries to serve the multiple sectors of the economy, especially financial, banking, and taxation.

3. The Institutional Framework of Property Valuation in Today's Lebanon

Lebanon's property valuation processes suffer from deep-rooted shortcomings and alarming challenges. Indeed, the valuation framework in Lebanon is unregulated, uncoordinated, and operating without standards, or official training. This generates a landscape of inconsistent valuations and conflicting findings that reduce trust in the market, weaken public agencies, and undermine the ability to collect taxes.

First, valuations are conducted by multiple public, private, and non-profit bodies without coordination within or across agencies. A survey of agencies conducting valuations in Lebanon showed that such valuations occur in multiple public institutions, private offices, and within professional syndicates

(Table 01). Each of these agencies operates separately, without reconciling methods or findings with other bodies conducting similar work. Although public sector valuers are legally mandated to work in committees and collaborate to generate property values collectively as per decree 274/2007¹⁰, in practice, public valuers operate individually, even within the same public institution. Public institutions such as the land registry, municipalities, the Council for Development and Reconstruction, as well as multiple departments within the Ministry of Finance (e.g., the betterment tax unit, the property tax unit, the income tax unit), and the Public Housing Corporation have independent valuation units. Units within agencies maintain separate reporting structures and rely exclusively on internally built datasets with little to no coordination between them.

Valuation practices in the private sector are equally uncoordinated. Among others, the Syndicate of Topographers, Order of Engineers & Architects, Syndicate of Realtors, Syndicate of Developers, and the Syndicate of Real-Estate Valuers all conduct or play a role in property valuation and these private agencies do not cross-verify their findings. Private banks and the Central Bank valuation authority also conduct their own valuations with separate teams. Table [01] lists the main public and private agencies that conduct valuation in Lebanon, the context of the valuation, and the most frequently used valuation method.

Second, valuation occurs without an officially adopted methodology or a recognized standard guiding the valuation process [Table 01, also see Case Study p.4]. In the absence of common benchmarks or recognized valuation methods adopted consistently across actors and agencies, valuers formulate their own approaches, typically without consideration to internationally recognized methods or standards. This is the case across public and private agencies where preliminary investigation showed that while some institutions¹¹ use an income-based approach¹² that assesses a property's value based on its potential rental revenue, other agencies or units¹³ use the comparative market analysis approach that compares the property to similar property sales in the same area. To be sure, cross-checking valuation assessments through several methods can yield to a more accurate reading of the market. However, the selective and erratic adoption of one method or another without adequate cross-checking leads to inconsistent and incomparable outcomes.

Third, valuers are not required to secure a formal certification and there is no credible regulating body organizing the profession [see Table a, Case Study p.4]. In previous years, several universities and educational

centers (e.g., Cnam, Sagesse University) had offered a continuing education program in property valuation (now discontinued). At the time of writing this report, all programs had been discontinued. In addition, none of these degrees was ever a pre-requisite for the practice of property valuation, nor is any other academic degree required to be accredited as a property valuator. Instead, the main (and almost only) requirement for this accreditation is a ten-years long training at a valuator's office. This requirement delegates the burden (or privilege) of training valuers to the private (unregulated) sector. It also reproduces the existing ad-hoc practices and biases embedded in the profession. It is noteworthy that valuers are not mandated to become members of the Syndicate of Valuers to practice the profession [see Table a, Case Study p.4].

Finally, valuation occurs in a context of clouded records and highly speculative data where reliable information may be closely guarded behind red tapes. Thus, the Beirut Urban Lab (BUL) and The Policy Initiative's experience in accessing public data as a first step towards the development of a reliable valuation model was ultimately halted by repeated delays and resistance to release data. Additionally, scrutiny into privately held datasets showed these datasets

to be highly unreliable and severely biased toward development interests. The BUL efforts paralleled those of public actors who described multiple failed attempts at reviewing processes of property valuation and unifying datasets across state agencies.

Ultimately, the absence of methods, training, coordination, or shared information enhances the gulf between valuations and yields inconsistent property valuations biased by the circumstances and/or conditions in which the valuation is conducted. Surveys of property values conducted by the Beirut Urban Lab as part of the Built Environment Dataset¹⁴ showed considerable differences in transaction values and asking prices, reflecting the inconsistencies in value estimates. Such inconsistencies in property values not only complicate coordination across public agencies, but they also often generate disagreements and disputes among property owners, local authorities, financial institutions, and other stakeholders during procedures such as land expropriation, tax estimates, property transaction values, and others. In turn, these disputes reinforce an atmosphere of distrust in the public sector, thereby significantly reducing tax compliance and formal reporting on actual property values.

Agency	Type	Purpose of Valuation	Most Frequent Valuation Method ¹⁵
Directorate General of Land Registry	Public Agency	Estimate Property Registration Fees	Income Method/Rental Fees
Lebanese Courts	Public Agency	Dispute Assessments	Comparative Market Analysis Method
Municipalities	Public Agency	Estimate Municipal Fees	Income Method/Rental Fees
Ministry of Finance/Betterment Tax	Public Agency	Estimate Expropriation Cost	Comparative Market Analysis Method
Ministry of Finance/Income Tax	Public Agency	Estimate Asset Worth	Income Method/Rental Fees
Ministry of Finance/Built Property Tax	Public Agency	Estimate Built Property Tax	Comparative Market Analysis Method
Public Corporation of Housing	Public Agency	Estimate Collateral Value and Loan Value	Comparative Market Analysis Method
Syndicate of Topographers	Non-Governmental	Property Sales and Subdivision	Comparative Market Analysis Method
Order of Engineers and Architects	Non-Governmental	Market Analysis	Comparative Market Analysis Method
Syndicate of Developers	Non-Governmental	Estimate Property Acquisition Cost	Replacement Cost Approach
Syndicate of Real Estate Valuers	Non-Governmental	Multiple	Multiple Methods
Religious Institutions	Non-Governmental	Assessment of Waqf Land Net Worth	Income Method
Commercial Banks	Private	Loan and Collateral Value	Comparative Market Analysis Method
Central Bank Valuation Authority	Private	Loan and Collateral Value	Comparative Market Analysis Method
Independent Valuers	Private	Multiple	Multiple methods

Table 01. Agencies Conducting Valuation in Lebanon

CASE STUDY

A Participatory Valuation Exercise

In an attempt to promote land value capture in Lebanon as a tool for sustainable urban development, the Beirut Urban Lab has initiated a partnership with the Lincoln Institute of Land Policy¹⁶ and The Policy Initiative since 2021. The Lincoln Institute of Land Policy is a global leader in land value capture approaches that has brought its expertise to numerous national contexts. In 2023, the three partners initiated the “Land Policy and Valuation Project” [LPV] to respond to a shared concern raised by multiple land stakeholders during the first “[Beirut Land Policy Dialogues](#)” (2022) regarding the need to improve valuation practices in Lebanon as a prerequisite for pushing forward effective and productive land management practices. The Land Policy and Valuation

Project sought to develop a participatory exercise followed by a dialogue session to take stock of the multiple institutions where property valuations are conducted in Municipal Beirut (e.g., public agencies, private actors). The exercise aimed to document variations in valuation practices, methods used and their rigor, existing datasets that could be relied on if a modeling of property valuation is attempted, as well as the possible support and/or resistance to initiatives that look to align or standardize valuation methods in Lebanon.

The valuation exercise commissioned six professional valuers from diverse backgrounds and affiliations (Table a & Table b) to estimate the value of two properties in Beirut. The properties were selected to reflect two typical properties exchanged in the city: a high-end apartment and a full

building in a middle-income residential neighborhood. The valuers were given background material about the property and asked to conduct the same exercise independently, without notifying them that other valuers had been invited to conduct the same task. The valuers were selected on the basis of their recognized experience, the diversity of their backgrounds, and the diversity of their positions (Table e).¹⁷ They were all carefully vetted to be “trustable” among the main influential agencies that conduct property valuation, notably the Central Bank, the Ministry of Finance, and the Municipality of Beirut. Most of these valuers were recognized as individuals actively involved in organizing the valuation profession, either through their positions in the Syndicate of Valuers or through their involvement with the public sector.¹⁸ The six reports were analyzed by

international expert valuers who found major discrepancies between valuation methods and outcomes. Worse, the reports portrayed sloppy methods, inconsistent measurements, and biased estimates. The findings were discussed during a day-long closed-door workshop that brought together over 25 stakeholders including public sector agents, lawyers, economists, developers, and activists whose work and interests intersect with property valuation. The workshop interrogated the principles adopted by valuers, the methods used, and their consequences for Lebanon’s land sector. It is noteworthy that the valuation exercise occurred in the shadow of Lebanon’s protracted crises. The period of real-estate bust and the fluctuating currency rates created challenges for valuers whereby some reported difficulty in estimating property values accurately.

Valuators	Age	Gender	Education Level	Position	Years of Experience in Valuation	Certificates and Trainings
01	59	Male	Middle Year Level	Independent Real Estate Appraiser	30	4
02	55	Male	University Level	Head of Department at MoF	28	13
03	63	Male	University Level	Member of Valuers Syndicate	36	N/A
04	45	Male	University Level	Head of Department at MoF	20	11
05	54	Male	Vocational	Independent Real Estate Appraiser	12	N/A
06	44	Female	University Level	Independent Real Estate Appraiser	12	4

Table a. Valuers’ Profiles

Valuators	Certified Valuers at	Degree	First Occupation	Current Occupation	Years of Valuation Experience
01	<ul style="list-style-type: none">Lebanese CourtsCommittee of Banking SupervisionNumber of Commercial BanksBkerke PatriarchateGeneral Financial CourtAppeal courts of Mount Lebanon & Beirut	N/a	Cement Worker	Contractor	30
02	<ul style="list-style-type: none">Ministry of Finance	Bachelor in Business Administration	Accountant at MoF	Head of Department at MoF	28
03	<ul style="list-style-type: none">Lebanese CourtsCommittee of Banking SupervisionNumber of Commercial Banks	Bachelor in Business Accounting	Accountant	Developer	36
04	<ul style="list-style-type: none">Ministry of Finance	Bachelor in Business Accounting	Head of Division at MoF	Head of Department at MoF	20
05	<ul style="list-style-type: none">Commercial banksInsurance Companies	Real Estate Studies and Evaluation	Manager of Real Estate Debt	Developer, Contractor and Trader	12
06	<ul style="list-style-type: none">Lebanese Courts	Architect	Site Engineer	Project Manager	12

Table b. Valuers’ Professional Background

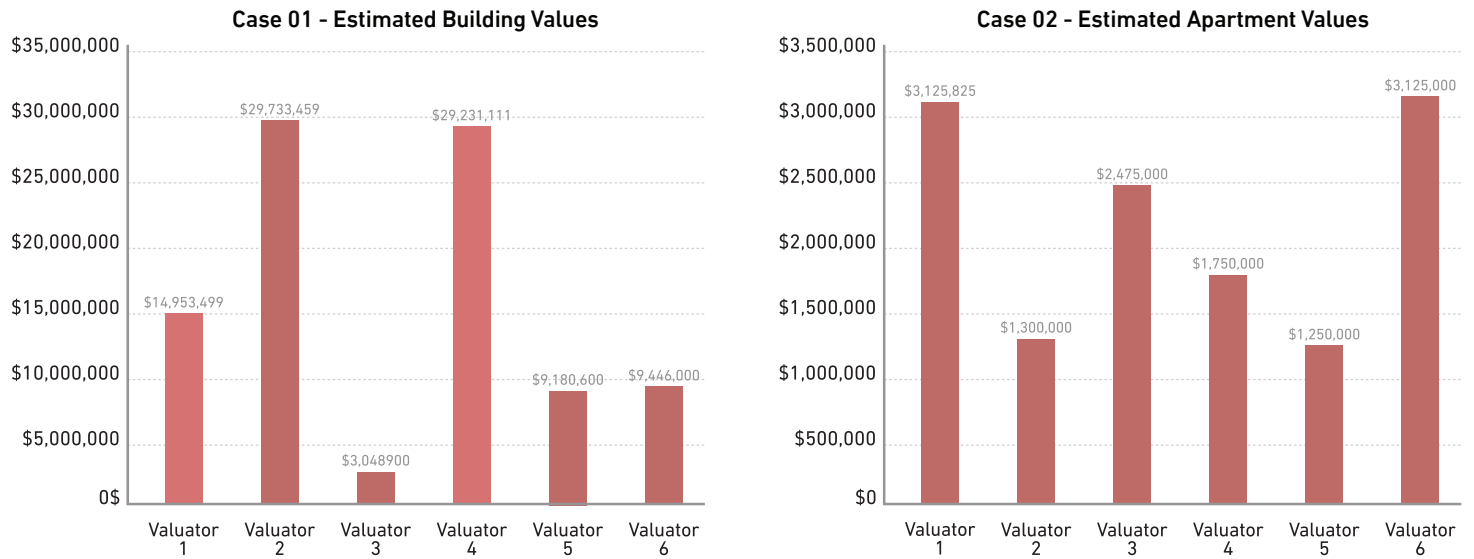


Chart 01. Estimated Property Values as per Submitted Valuation Reports, Source: Beirut Urban Lab

Valuators	Affiliations	Available Market Information
01	Independent Valuator	Word of Mouth
02	Public Sector	Dataset from Public Institutions
03	Syndicate of Valuers	“Experience”
04	Public Sector	Dataset from Public Institutions
05	Independent Valuator	A Personal Dataset Built over Previous Period
06	Architect	Word of Mouth

Table c. Methods and Affiliations

Valuators	Method Case 01 [Full Building]	Method Case 02 [Luxurious Apartment]
01	Neighborhood Inspection/ Current Prevailing Market Prices	Heuristic ¹⁹
02	65% of Pre-2019 Prevailing Property Values	65% of Pre-2019 Prevailing Prices
03	Unclear/Property SQM Value	Unclear/ Heuristic
04	40% of Pre-2019 Prices/ Property Transactions in Adjacent Areas + 20% Deduction for Dilapidation	80% of Pre-2019 Prevailing Prices
05	40-50% of Pre-Crisis Prices	40%-50% of Pre-2019 Prices
06	Prevailing Apartment/Shop Prices in the Area	Prices of Adjacent Apartments

Table d. Valuation Methods

	Case 01 - Valuated Building					
Valuator	01	02	03	04	05	06
Purpose of Valuation	✓	✓	✓	✓	✓	✓
Contents	X	X	X	X	X	X
Property Location	✓	✓	✓	✓	✓	✓
Property Description	✓	✓	✓	✓	✓	✓
Site Analysis	X	X	X	X	X	X
Market Commentary	X	X	X	X	X	✓
Tenure/Legal	✓	✓	✓	X	✓	✓
Basis of Valuation	X	X	X	X	X	X
Definition of Market Value	X	X	X	X	X	X
Date of Valuation	X	X	X	X	X	X
Assumptions	✓	X	✓	X	X	X
Valuation Method	X	✓	X	X	X	X
Analysis of Comparables	X	✓	X	X	X	X
Valuation	✓	✓	✓	✓	✓	✓
Conclusions	X	X	X	X	X	X

Table e. Analysis of Valuation Reports of a Residential Building in Beirut, Source: [McCluskey, 2023]

4. Five Key Findings

4.1. The process of property valuation is inconsistent and uneven

There are significant inconsistencies within the property valuation profession in Lebanon. First, valuers do not refer to any of the global valuation standards, as is typically mandated in other national contexts. Worse, during the workshop, it became evident that local valuers are largely unaware of existing international standards such as the RICS Global Standards²⁰ and the International Valuation Standards²¹. Nor did valuers show knowledge of the various established valuation methodologies (e.g., cost-based, comparative, income-based). Instead, valuers relied on a tailored and mixed approach, and they occasionally cited factors that influence land value such as location and building exploitation factors, with no clear systematic criteria. Second, valuation reports lack key components and details necessary to substantiate the estimated property values. Thus, the submitted valuation reports showed that some of the key components recommended by international valuation standards such as market commentary and analysis of comparable cases were consistently missing (Table e). The lack of standards was highlighted during testimonies and discussions held at the workshop as a major impediment to trusting valuations or holding valuers accountable.

4.2. The valuation practice is affected by conflicting interests and client influence

Valuation processes are undermined by conflicting interests and client influence. This is particularly the case for valuers who have vested interests in land and housing. Many of Lebanon's valuers work as real estate developers, property brokers, realtors, or contractors [see Table b]. They perceive their work as valuers as a direct extension of their professions that grants them a deeper understanding of the real estate market and better access to market information. They further believe that this experience trumps the need for proper training, and have actually undergone training into the profession. This dual position nonetheless creates potential biases and conflict of interest that have become intrinsic to the profession. Such biases are further reinforced by the absence of standardized guidelines.

It is also noteworthy that valuers are prone to clients' influence, and that they would adjust property values based on their client's profile. Valuers working for banks reported lower property valuations compared to those working in the development sector²². In contrast, valuers in the private sector reported facing pressure and intimidation when their valuations did not align

with property owners' or the "replacement cost"²³ expectations. Similarly, public sector employees reported pressure from their supervisors to increase property values due to its direct effect on tax values²⁴.

4.3. Valuation occurs without adequate accountability

The credibility of valuation processes in Lebanon is undermined by the lack of accountability measures or a regulatory oversight that could organize the practices of valuation. Thus, the Syndicate of Valuers' roles and prerogatives are limited to networking, and it lacks the authority to exercise oversight or enforce disciplinary actions. There is also no adopted ethical code of conduct for valuers. The latter are guided by personal values and individual efforts rather than established principles and professional standards. This reduces the credibility of valuers and makes conflict of interest and undue pressure easier to exercise.

4.4. Data is missing, red taped, and highly inconsistent

Valuers rely on data sources and reference points that differ considerably in their assessments of property values. Public agencies (e.g., Municipalities, the Ministry of Finance units) have large datasets of various transaction records (e.g., rental contracts, sales contracts, expert valuation for expropriation values) that are available for referencing to public sector valuers and these data sources may well be the most reliable source of information. However, this data is red-taped and inaccessible to private valuers or researchers. Conversely, private valuers rely on a personal dataset that they build up incrementally over time. They accumulate information collected from their previous assignments or by asking around for property sales prices. This dataset is nonetheless held privately and perceived as a competitive advantage that they can leverage to establish their credibility over others'. It is therefore not shared with other valuers or land agents, except for specific case-based work purposes. The significant differences across data sources lead to reliability issues and disagreements over the property values.

4.5. Private valuers are attached to a supposed immutable value of land

The myth of Lebanon's immutable real-estate market is alive and well amidst the worst financial crisis, leading to an inflated value of land. Thus, valuers working in the private sector commonly distinguish between a "current or temporary" and exceptionally low value of a property that may be recorded during the current period of crisis and a supposed actual or real value of a property that

was inherent to a land lot and somewhat oblivious to market conditions. In other words, most refused to account in their valuation for the sharp effect of the crisis on land, building, or apartment values assuming that even if some transactions were below the expected rate, such exchanges reflected the dire circumstances of an individual seller and not the real value of a property.

Moreover, private valuers, particularly those also working as real-estate developers, rely on a relatively limited valuation method that is consistently based on the replacement of existing old structures with new developments that would use the full allowable exploitation coefficients allocated to a land lot. They further assume in their valuation an embedded high profit for the developer at about 30%, hence benchmarking developers' profits to the high-interest rates that were given by banks before the 2019 crisis. In this assessment, the assumed profit that land owners and real-estate developers should make guides decisions, even in the height of a financial and real-estate crisis.

5. Five Recommendations

Despite difficulties, there is consensus on the need for improvement and a few possible pathways emerge from the research:

5.1. Establish a databank

A transparent and reliable property data bank is a critical ingredient for disciplining valuation practices. The data bank needs to be regularly updated and highly accessible to all actors. It could be part of a larger database that may also incorporate other available market information²⁵, current and historical, collected across several other public and private data sources²⁶. Such data bank serves as a reference point for property valuers working for different sectors and agencies. This databank is critical for valuers to have better visibility over market trends and directions, and it will improve valuation practices and enhance trust among market participants. In the long term, the database could also be a critical component for the establishment of an Automated Valuation Model (AVM) in Lebanon.

To be sure, establishing a data bank will face more than technical hurdles. Beyond the difficulty of gathering data, multiple stakeholders benefit from the opacity of the market. For example, opacity allows the perpetuation of the myth of a successful real-estate market where property values never drop despite the financial crisis. Conversely, it also allows for tax evasion when sellers or buyers undervalue property. As a result, a databank

can only be established if a solid network of stakeholders is developed across public, private, and non-profit agencies. Such databank is ideally managed by a public entity such as the Directorate General of Land Registry under the Ministry of Finance, but it can also be established through an academic research unit²⁷.

5.2. Standardize valuation methods

It is critical to standardize valuation methods by adhering to international valuation practices such as the adoption of the widely used International Valuation Standards (IVS). The introduction of international standards as a legal obligation will promote accuracy and best practices in valuation processes, and improve uniformity and comparability across valuers. Moreover, the legislation of a national valuation standard will also give more credibility and trust in the valuation profession. This effort could be championed jointly by public regulators and the Syndicate of Valuers. Public actors could adopt such standards as a requirement for public agencies and mandate its legislation for the profession. In addition, this move could be endorsed by a more active Syndicate of Valuers. If given the right prerogatives, the Syndicate could ensure compliance across all registered valuers and enforce disciplinary actions for non-compliance²⁸. This would expand the role of the Syndicate into operationalizing the adoption of international standards and maintaining high-quality practice.

It should be noted that earlier efforts to unify property valuation methods and standards across public agencies have faced difficulties because of inter-agency tensions. Consequently, a top-down legislative decision to unify valuation methods may support an incremental process of unifying databases initiated at the level of public agencies first, and possibly non-profit and private actors later.

5.3. Introduce a training and certification program for valuers

The development of a learning program on standard methods for property valuation that can be endorsed and embedded in academic institutions is a vital step toward improving property valuation methods and approaches in Lebanon²⁹. Public actors such as director generals and regulatory bodies could champion such training and certification programs. This step would ensure that such programs are institutionalized and that they become mandated for public sector employees involved in property valuation. It would also set the stage for fostering and creating a standardized approach across public agencies.

5.4. Initiate the process of building a mass valuation model

Mass valuation methods have demonstrated a capability to maintain a regularly updated property value dataset, improve consistency in property appraisals, and bridge the differences between the public and private sectors. An Automated Valuation Model (AVM) could yield valuations that are more accurate, consistent and cost-efficient than other single and mass appraisal methodologies. To this end, it will be necessary to first establish a centralized data bank for property values, as pointed out in the first recommendation, and to overcome resistance to that effect. Such a step can be conducted incrementally, gaining the trust within and across public agencies as a first step.

5.5. Public sector should set the tone for a more coherent approach to valuation

Despite its weakened and compromised position, it is imperative for the public sector to lead efforts to improve and standardize property valuation. It was acknowledged or at least inferred that the public sector should have a critical overarching role in driving change to property valuation through the establishment of a National Valuation Authority. The authority would be responsible for all government valuation needs and represent a significant move forward in the professionalization of valuation in Lebanon³⁰. Its role can extend to introducing regulatory reforms, establishing a foundation for mass valuation, unifying valuation approaches in public institutions, or regulating the profession. By taking these steps, the public sector can set the tone for a more coherent and effective property valuation approach in Lebanon that can benefit all stakeholders involved in the real estate sector, and the city in a broader sense.

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Footnotes

¹ Marot, B. (2018). *Developing Post-war Beirut (1990–2016): The Political Economy of Pegged Urbanization*. McGill University.

² Land value recovery or land value capture is based on the premise that property owners should return part of property value increases that result from public improvement projects such as infrastructural upgrading to fund sustainable urban development projects (Lincoln Institute of Land Policy, 2020)

³ Check “Land Value Capture Explained” by the Lincoln Institute of Land Policy here: <https://app.lincolninst.edu/publications/multimedia/land-value-capture-explained>

⁴ Center for Appraisal Research and Technology. (2019). *The Republic of Moldova’s National Revaluation*. Retrieved from: <https://www.openappraisal.org/research-blog>

⁵ McCluskey, W. (2022). *Dialogues on Land Valuation: Main Findings, Observations and Recommendations*. Unpublished Report

⁶ World Bank. (2021). *Land Administration and Policies in Lebanon*. Unpublished report. Issues Paper.

⁷ Rodas, J. et al. (2018). *Land Valuation Sustainable Model of Urban Planning Development: A Case Study in Badajoz, Spain*. *Sustainability*, 10(5), 1450.

⁸ German, J. et al. (2000). *Traditional Methods and New Approaches to Land Valuation*. Lincoln Institute of Land Policy. Retrieved from: <https://www.lincolninst.edu/publications/articles/traditional-methods-new-approaches-land-valuation>

⁹ Al Mouaiad, O. (2008). *The Role of Reliable Land Valuations in Land Management and Land Administration Systems Efficiency*. Proceedings of the FIG Working Week.

¹⁰ Decree 274/2007 provides a general framework for property valuation and mandates the establishment of unified committees for each Qadaa (regional territorial unit) to include members from the municipality, land registry, ministry of finance, and private sector.

¹¹ We mention municipality and the built property department at the Ministry of Finance.

¹² Also referred to as the rental value method.

¹³ Such as the Land Registry and the Betterment Tax Unit.

¹⁴ Beirut Built Environment Database here: <https://beiruturbanlab.com/en/Details/561>

¹⁵ For a review of valuation methods, check Pagourtzi et al. (2003). *Real Estate Appraisal: A Review of Valuation Methods*. *Journal of Property Investment and Finance*. Vol. 21. Issue 4.

¹⁶ The Institute’s long trajectory in advising numerous governments over questions of land management was critical in informing the Dialogues and contributing to constructive discussions on concrete short-term policy recommendations in addition to longer-term goals.

¹⁷ This method is in line with other projects conducted in cities of the Global South that looked to examine the inaccuracies and variances in the valuation practice through the survey method and through in depth discussions and interviews with valuers in conjunction with academic institutions, syndicates and actors from the public sector. See Ayedun, C. A., Oloyede, S. A., & Durodola, O. D. (2012). *Empirical study of the causes of valuation variance and inaccuracy in Nigeria*. *International Business Research*, 5(3), 71.

¹⁸ Although the majority of the recommended valuers were men, we made sure to include at least one woman to ensure representation. The group comprised middle to old aged individuals with years of experience ranging from 12 to 36 years.

¹⁹ Heuristics are cognitive shortcuts which individuals use in order to ease the decision-making process and reduce time needed to analyze all data received, particularly when the information is too much and complex. Check: Coskun, E.A. (2022). *The Effect of Heuristics and Biases on Real Estate Valuation and Cyclicalities*. In: d’Amato, M., Coskun, Y. (eds) *Property Valuation and Market Cycle*. Springer, Cham. https://doi.org/10.1007/978-3-031-09450-7_8

²⁰ Please check RICS 2020 here: <https://www.rics.org/profession-standards>

²¹ Please check the 2022 International Valuation Standards here: <https://www.ivsc.org/>

²² Banks subject valuers to higher scrutiny in their assessment. The Central Bank or several private banking institutions commission several valuers and they ask them to deliberate and defend their numbers. This practice creates some kind of defensive attitude and pressures newcomers to follow the dominant actors in the market. Those whose values do not coincide with the dominant interest tend to be blamed for adverse outcomes. Such a framework may lead to undue pressure, but also potentially removal from approved valuers’ lists and the decrease in the number of valuation assignments. For more on other contexts, check Amidu, A. R., Aluko, B. T., & Hansz, J. A. (2008). *Client feedback pressure and the role of estate surveyors and valuers*. *Journal of Property Research*, 25(2), 89–106.

²³ Replacement cost is the estimated cost to rebuild and replace an existing building with one of similar kind and quality at today’s prices.

²⁴ Public sector actors recorded the highest property valuations during the deliberative exercise.

²⁵ Data should include available both confirmed prices and asking prices. It may also potentially include current Ministry of Finance records, Multiple listing firms, real estate brokers, and professional associations/ organizations related to real estate and finance.

²⁶ McCluskey, W. (2022). *Dialogues on Land Valuation: Main Findings, Observations and Recommendations*. Unpublished Report

²⁷ In Lebanon, the CRI, a for-profit research center, has published the consumer index price since the mid 1980s.

²⁸ Ibid

²⁹ Given the lengthy period required to establish an accredited academic program, a fast track approaches might be possible in the meantime through arrangements with universities that currently have within their portfolio of courses such programs. For more on the importance of training, see Hoyt, R. W., Wright, M. J., & Croft, C. S. (2002). *The ethical values of registered valuers in New Zealand*. Lincoln University. Published Conference Paper

³⁰ McCluskey, W. (2022). *Dialogues on Land Valuation: Main Findings, Observations and Recommendations*. Unpublished Report




The Beirut Urban Lab – AUB

The Beirut Urban Lab is a collaborative and interdisciplinary research space. The Lab produces scholarship on urbanization by documenting and analyzing ongoing transformation processes in Lebanon and its region's natural and built environments. It intervenes as an interlocutor and contributor to academic debates about historical and contemporary urbanization from its position in the Global South. We work towards materializing our vision of an ecosystem of change empowered by critical inquiry and engaged research, and driven by committed urban citizens and collectives aspiring to just, inclusive, and viable cities.

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