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Evaluating the Extent of Valuers' Compliance with the Property Valuation Reporting Standards in The Green Book in Port Harcourt Property Market

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ABSTRACT

This study examined how well estate surveyors and valuers in Port Harcourt comply with the property valuation reporting standards laid out in The Green Book, Nigeria's national property valuation guideline. Despite the significant economic importance of Port Harcourt as Nigeria's oil and gas hub, there is limited research on adherence to valuation standards in this market, which raises concerns about the accuracy and credibility of property valuations. Using qualitative content analysis, this study evaluates 250 valuation reports to determine the extent to which essential reporting elements required by The Green Book are included. The findings indicate strong compliance in fundamental aspects, such as report dates (100%) and client identification (98.8%). However, there is notable non-compliance in critical areas: 67.2% of reports lacked information on the "Nature and Extent of Investigation," and 73.2% did not include the "Sources of Information Relied Upon." Additionally, 55.2% of reports failed to provide a statement of compliance with International Valuation Standards (IVS), indicating a disconnect with international practices. These findings are consistent with previous studies pointing to non-compliance in Nigerian valuation markets and highlight several barriers, including inadequate training, time limitations, and client expectations. To improve adherence to reporting standards, the study recommends implementing comprehensive training programs, enforcing standards by regulatory bodies, developing standardized report templates, and educating clients on the importance of detailed compliance. Such measures are crucial for enhancing the consistency, transparency, and credibility of valuation practices in Port Harcourt and throughout Nigeria.

Keywords: Compliance, Property Valuation, Reporting Standards, Green Book, Property Market

1.0 INTRODUCTION

Property valuation plays a crucial role in the real estate sector by providing reliable assessments of property value for various purposes, including sales, purchases, investments, taxation, and compensation. The accuracy and reliability of valuation reports are vital for informed decision-making by stakeholders such as investors, developers, financial institutions, and government bodies. To ensure uniformity and standardization in property valuations, professional standards and guidelines have been established globally, such as the International Valuation Standards (IVS) and those from the Royal Institution of Chartered Surveyors (RICS). In Nigeria, the Nigerian Valuation Standards, commonly referred to as The Green Book, provide the framework for property valuation reporting. These standards outline the

minimum requirements for the content and structure of valuation reports, ensuring transparency, professionalism, and accountability in the practice.

The property valuation industry is pivotal in supporting informed decision-making among investors, developers, and policymakers, especially in emerging markets like Nigeria. However, the limited integration of sustainability principles into valuation practices remains a critical issue. The "Green Book," provide guidelines for incorporating environmental, social, and governance (ESG) factors into property assessments, these standards are not yet widely adopted or complied with in many developing contexts (RICS, 2020). This lack of adoption and compliance raises concerns about the accuracy and reliability of valuation reporting, especially in areas with significant environmental challenges, such as Port Harcourt in the Niger Delta region, where urban expansion and oil industry activities impact the ecological landscape (Ekeocha and Ukpabi, 2022).

Despite the introduction of The Green Book as the national standard for property valuation in Nigeria, concerns about its compliance in practice have emerged. Recent studies indicate that while valuers in major markets like Lagos and Abuja have demonstrated varying levels of adherence to international and national standards, limited research has been conducted to assess compliance specifically in the Port Harcourt property market. Given the economic significance of Port Harcourt, known as the oil and gas hub of Nigeria, and the growing demand for property investments, there is a need to evaluate the extent to which valuers in this region comply with The Green Book standards in their reporting practices.

The objective of this paper is to address this gap by examining the extent of compliance with the Green Book property valuation reporting standards among valuers in Port Harcourt.

2.0 Literature Review

Compliance with valuation standards is fundamental to ensuring the accuracy, quality, and reliability of property valuation reports. Valuation standards, such as the Nigerian Valuation Standards (Green Book), International Valuation Standards (IVS), and Royal Institution of Chartered Surveyors (RICS) Red Book, provide frameworks that valuers are expected to follow to produce consistent and professional reports. This review explores studies on compliance with these standards, emphasizing their significance and the challenges faced in different contexts, including Nigeria and internationally.

2.1 Global Compliance Studies

Waters' (2000) study on compliance with RICS Red Book standards in the United Kingdom remains a seminal work. The study analyzed 573 valuation reports from a wide range of clients, including banks, insurance companies, and private property owners. Waters examined these reports against 21 essential criteria of the RICS Practice Standard 7.4. Findings showed that 44% of the reports fully complied with all essential components, and more than two-thirds achieved over 90% compliance. However, seven critical elements were missing in more than 10% of the reports, highlighting areas for improvement in UK valuation practices. Nonetheless, it is imperative to underscore that this research exercise is circumscribed by its geographical scope, focusing exclusively on the United Kingdom (UK). This geographical limitation is crucial to bear in mind, as it may impact the generalizability of the study's findings beyond the UK context, hence, the need for this study.

Narayan and Biswas (2020) focused on the implementation of IVS in Fiji, revealing significant inconsistencies in compliance. They analyzed reports from three firms and found variations in the level of adherence to IVS 103, particularly in the valuation approaches and the treatment of assumptions. It is noteworthy, however, that this research was conducted in a foreign jurisdiction, which should be taken into consideration when extrapolating its implications to other contexts, hence the need for this study.

2.2 Nigerian Compliance Studies

Several studies have investigated the level of compliance with valuation standards in Nigeria, providing insights into the state of the profession and areas for improvement.

Gambo (2010) analyzed 20 valuation reports from Bauchi metropolis, focusing on compliance with IVS 2003. The study found that while essential information like client identification and valuer qualifications

were consistently included, 20% of the reports confused the purpose with the basis of valuation, and some lacked critical elements such as the effective date of valuation and compliance statements. The study was limited to a small sample from a less developed property market, making it difficult to generalize the findings to other regions of Nigeria.

Babawale (2012) expanded on this by reviewing 70 valuation reports in Lagos to assess their compliance with RICS and IVSC criteria. The study uncovered significant issues, with 31% of the reports omitting the purpose of the valuation and 33% failing to outline the scope of investigations. A staggering 77% of the reports did not distinguish between the effective date of valuation and the report preparation date. Additionally, 63% lacked information about sources used during the valuation, and 80% did not address planning approvals, which is critical for conducting a highest and best use analysis. Given that this research focused exclusively on Lagos, further investigation in other contexts is necessary, highlighting the significance of the current study.

Gambo's (2015) later study conducted in Lagos, Abuja, and Port Harcourt focused on the use and enforcement of valuation standards. It involved 203 firms and 182 valuation reports, revealing high non-compliance in areas like the basis of value, risk assessment, and market analysis. The study emphasized the need for better enforcement and understanding of valuation standards among Nigerian valuers. A notable limitation of Gambo's study was its lack of reference to The Green Book, which was non-operational at the time, underscoring the necessity for further research in this area.

Onyeneke and Ekenta (2018) explored the adherence of Nigerian valuers to IVS, comparing Nigerian practices with those in the UK, US, and Brazil. Their mixed-methods approach revealed that Nigerian valuation practices aligned with international standards in reporting style and content. However, the study recommended stronger enforcement of IVS in Nigeria to stimulate the property market and meet global demands. This research underscored the growing need for Nigerian professionals to integrate international standards into their practices. It is important to note that this study focused exclusively on the International Valuation Standards, highlighting the need for further research to investigate valuers' compliance with The Green Book reporting standards.

Nwakpuda's (2019) study on valuation firms in Lagos found that while 97% of firms were aware of valuation standards, 26% did not use a standards manual, and 45% failed to include critical certification statements in their reports. The study highlighted a strong positive relationship between adherence to valuation standards and the inclusion of certification but pointed out the need for more comprehensive studies across different regions, particularly in Port Harcourt. It is pertinent to note certain limitations of the study. Firstly, the investigation did not delve into the extent of valuers' compliance with the reporting standards delineated in The Green Book. Secondly, the research was constrained to the Lagos metropolis and did not extend its inquiry to encompass the Port Harcourt region.

Deeyah and Kpunpamo's 2021 study examined the perspectives of valuers regarding adherence to professional practice standards in determining compensation following compulsory acquisitions. The study involved 72 active estate surveyors and valuers in Rivers State and found significant non-compliance with the 2006 Valuation Standards and Guidance Notes set by the Nigerian Institution of Estate Surveyors and Valuers (NIESV). However, the study did not address specific reporting standards outlined in The Green Book, indicating a gap in the literature and highlighting the need for future research on this topic.

Table 1 below provides an overview of some empirical studies, highlighting the extent of valuers' compliance with the minimum valuation reporting content, using the International Valuation Standards as a benchmark.

Table 1: Compliance with IVS Valuation Report Minimum Content

IVS Minimum Report Content	Nwakupda (2019) - Lagos N = 100 % Not Included	Gambo (2015) – Lagos, Abuja, Port Harcourt N = 182 % Not Included	Babawale (2012) – Lagos N = 70 % Not Included
Identification and Status of the Valuer	50	5	NS
Identification of the Client and Other Intended Users	3	1	4
Purpose of the Valuation	17	73	31
Identification of the Asset or Liability Being Valued	21	2	77
Basis of Value	2	60	11
Valuation Date	18	84	77
Nature and Extent of Investigation (Valuers Work)	63	45	33
Nature and Sources of Information Relied Upon	73	94	63
Assumptions and Special Assumptions	2	0	6
Restrictions on Use, Distribution, and Publication	4	37	1
Valuation Approach and Reasoning	16	7	36
Amount of the Valuation (Currency)	0	3	4
Statement of Compliance with IVS	55	66	84
Signature and Stamp	2	0	30
Date of Valuation Report	8	40	NS

Source: Babawale, 2012; Gambo, 2015; Nwakupda, 2019

Key: NS = Not stated in IVS version used

The analysis of compliance with IVS valuation report minimum content across different studies in Table 2.1 reveals varying levels of non-compliance in key reporting areas. Nwakupda's (2019) study, conducted in Lagos, highlights significant gaps, with 50% of reports omitting the identification and status of the valuer, while 73% omitted the nature and sources of information relied upon, and 63% left out details on the nature and extent of the investigation (valuer's work).

Babawale's (2012) study shows even lower compliance levels, especially regarding the identification of the asset being valued, where 77% of reports omitted this element. The valuation date was also missing in 77% of reports, and 63% failed to provide the nature and sources of information relied upon. 30% of reports lacked the valuer's signature and stamp, which are essential for validating the report.

On the other hand, Gambo's (2015) study, which covered Lagos, Abuja, and Port Harcourt, demonstrates areas compliance concern, such as the valuation date, which was missing in 84% of reports, and the nature and sources of information relied upon, which was omitted in 94% of reports, statement of compliance with IVS was omitted in 66% of the reports, and basis of value was omitted in 60% of the reports. This high rate of non-compliance in critical areas posed a significant challenge to the transparency and accuracy of valuation reports.

Overall, while these studies provided valuable insights into compliance with IVS standards, they revealed notable gaps, particularly in Lagos. These studies have predominantly focused on IVS and NIESV Valuation Standards Guidelines, and none of them specifically addressed compliance with The Green Book reporting standards. The current study seeks to bridge this gap by focusing on valuers' compliance with the property valuation reporting standards specified in The Green Book, particularly in the Port

Harcourt property market. This investigation offered a comprehensive understanding of the extent to which valuers complied with these standards, ultimately contributing to the improvement of valuation practices within Nigeria.

3.0 Study Area

Port Harcourt is the capital of Rivers State, Nigeria. It is the second largest economy in Nigeria after Lagos (Niger Delta Citizens and Budget Platform, 2009). It has a very active property market and it ranks next to that of Lagos (Dugeri, 2011). As of 2022, Port Harcourt's population was projected at 1,865,000, making it the fourth-largest urban area in Nigeria after Lagos, Kano, and Ibadan (Population of Cities in Nigeria, 2022). The city is divided into two local government areas: Port Harcourt and Obio/Akpor. It is bordered by Oyigbo and Etche LGAs to the north, Okrika LGA to the south, Okrika and Eleme LGAs to the east, and Emohua LGA to the west (Obafemi and Odubo, 2013).

Port Harcourt’s continued development is due to its role as a commercial and industrial hub, its strategic location in the Niger Delta, and its significance as the social and economic center of Rivers State (Nissi, 2016). Known as Nigeria’s oil capital, it hosts multinational oil companies, two refineries, and a growing commercial sector (Wokekoro and Owei, 2006). The city is also home to several higher education institutions, including the Rivers State University, University of Port Harcourt, and Ignatius Ajuru University of Education, which draw immigrants to the area.

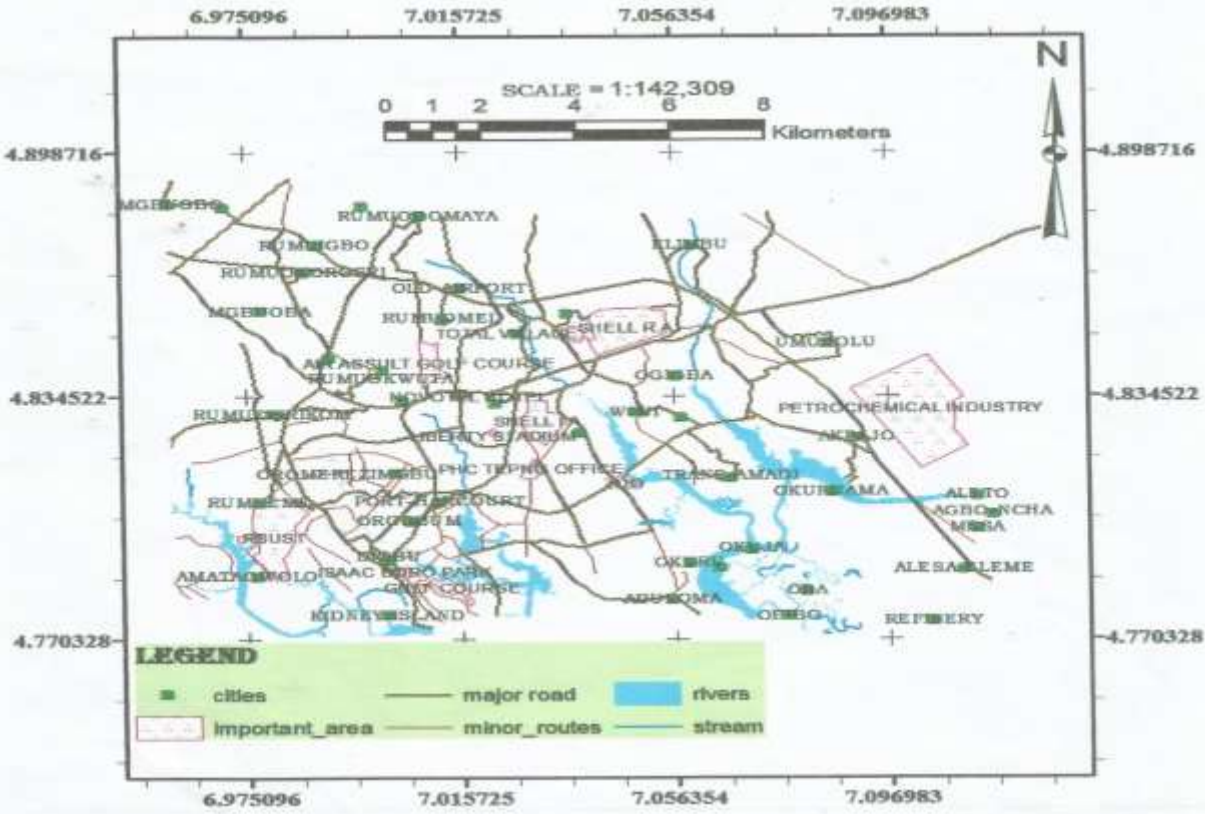


Fig. 3: Map of Port Harcourt
Source: Nissi (2016)

4.0 RESEARCH METHODOLOGY

This study employed a qualitative research design, focusing on content analysis of valuation reports to assess valuers' knowledge and application of The Green Book in the Port Harcourt property market. The

content analysis focused on the 250 valuation reports to assess the degree of compliance with The Green Book reporting standards. The analysis was conducted based on specific criteria aligned with the minimum reporting requirements in The Green Book. The extent of compliance with The Green Book standards was evaluated by identifying the presence or absence of key reporting elements in the valuation reports. Descriptive statistics, such as frequencies and percentages, were used to summarize the findings. The analysis also highlighted any recurring omissions or deviations from The Green Book, providing insight into areas where compliance was lacking. The content analysis of valuation reports offered concrete evidence of compliance levels within the Port Harcourt property market.

5.0 DATA PRESENTATION AND ANALYSIS

The data in Table 2 reveals the degree to which The Green Book's standards are adhered to in practice, offering insights into the level of conformity among valuers. The Table provides a summary of the compliance rates for key components of the valuation reports, as outlined in The Green Book.

Table 2: Valuers' Compliance with The Green Book Minimum Reporting Content

S/N	Subheadings	Included	Not Included	% Included	Not
1	Identification and Status of the Valuer	225	25	10.00	
2	Identification of the Client and Other Intended Users	250	0	0	
3	Purpose of the Valuation	232	18	7.20	
4	Identification of the Asset or Liability Being Valued	197	53	21.20	
5	Basis of Value	245	5	2.00	
6	Valuation Date	237	13	5.20	
7	Nature and Extent of Investigation (Valuers Work)	82	168	67.20	
8	Nature and Sources of Information Relied Upon	67	183	73.20	
9	Assumptions and Special Assumptions	250	0	0	
10	Restrictions on Use, Distribution, and Publication	242	8	3.20	
11	Valuation Approach and Reasoning	210	40	16.00	
12	Amount of the Valuation (Currency)	250	0	0	
13	Statement of Compliance with IVS	112	138	55.20	
14	Signature and Stamp	250	0	0	
15	Date of Valuation Report	250	0	0	

Source: Field Survey, 2024

Content analysis was used to examine the valuation reports, with the minimum reporting requirements from The Green Book valuation standards serving as the benchmark. Each requirement that was properly addressed in the report was rated as "included," while those that were not addressed were rated as "not included." The table presents data on compliance with The Green Book minimum reporting content by valuers, based on a sample size of 250 valuation reports. A high level of compliance is observed in several areas. For instance, 100% of the reports include date of valuation report, identification of the client and other intended users, assumptions, and amount of the valuation. 90% of the reports include the identification and status of the valuer, while only 10% omit this essential information. The purpose of the valuation is also well-covered, with 92.8% compliance, although 7.2% of the reports do not include this important element. The basis of value is reported in 98% of the reports, demonstrating strong adherence, but 2% of the reports omit this essential information. Similarly, 94.8% of the reports include the valuation date, but 5.2% leave this out, which could lead to potential discrepancies in the relevance of the report. Additionally, 96.8% of the reports specify restrictions on use, distribution, and publication, with only a small percentage (3.2%) lacking this detail.

Some areas show significant non-compliance include: nature and Extent of investigation (67.2%), nature and sources of information relied upon (73.2%), and statement of compliance with IVS (55.2%). These areas are important for a credible valuation report.

In summary, the data reveals that while some elements of The Green Book are widely adhered to, significant gaps exist in critical reporting areas that may affect the overall quality and reliability of valuation reports.

6.0 FINDINGS AND DISCUSSION

This section presents the key findings of the study, focusing on the extent of compliance with The Green Book valuation reporting standards in the Port Harcourt property market, based on the content analysis of 250 valuation reports. The discussion is framed around the compliance levels across different reporting components.

A deeper understanding of the extent of compliance was achieved through the content analysis of 250 valuation reports, as shown in Table 2. The results revealed strong compliance in certain areas but significant gaps in others. For example, 100% of the reports included the date of the valuation report, assumptions, identification of the client, and the valuation amount (currency). These high compliance levels indicate that valuers are generally meticulous about including basic information that is fundamental to the valuation process.

However, the analysis also identified critical areas where non-compliance was prevalent. Notably, 67.2% of the reports failed to include the "Nature and Extent of Investigation," and 73.2% omitted the "Nature and Sources of Information Relied Upon." These omissions are particularly concerning, as these components are crucial for the credibility of a valuation report, offering transparency into the basis of the valuation and the diligence undertaken by the valuer. The relatively high non-compliance rate (55.2%) with the requirement for a "Statement of Compliance with IVS" also raises concerns. This finding corroborates the research conducted by Nwakpuda (2019), Gambo (2015), and Babawale (2012), which also highlighted similar areas of non-compliance among valuers. This suggests that while valuers may be following some national guidelines, they are not consistently aligning their reports with international standards, which may be expected, particularly by multinational clients or institutions.

7.0 CONCLUSION AND RECOMMENDATIONS

This study assessed the extent of compliance with The Green Book valuation reporting standards among estate surveyors and valuers in the Port Harcourt property market. The findings revealed that while there is a significant level of awareness and compliance with basic valuation reporting elements, there are also critical areas where non-compliance persists, particularly in sections related to the nature and extent of investigation, sources of information relied upon, and statements of compliance with international standards like IVS. The gaps identified raise concerns about the overall consistency, transparency, and credibility of valuation reports in the region. Furthermore, challenges such as inadequate training, time pressure, and client expectations were found to impact compliance levels. To address these issues and improve adherence to The Green Book standards, targeted interventions are needed.

Based on the findings of this study, the following recommendations are proffered: First, there is need for comprehensive and ongoing training. The Estate Surveyors and valuers Registration Board (ESVARBON) and the Nigerian Institution of Estate Surveyors and Valuers (NIESV) should introduce more comprehensive training programmes focused specifically on the practical application of The Green Book. These programmes should address areas where non-compliance is most prevalent, including the nature and extent of investigation, sources of information, and international standards integration. Ongoing professional development should also be prioritized to ensure that valuers remain up-to-date with evolving standards. There is need for enforcement of valuation standards from ESVARBON and NIESV. These two regulatory bodies should enhance their enforcement mechanisms to ensure strict adherence to The Green Book standards. Periodic audits of valuation reports and disciplinary measures

for non-compliant reports will create an environment where compliance is prioritized. Additionally, the introduction of standard templates or checklists for valuation reporting could help ensure all required sections are included in every report. Finally, educating clients who are the users of valuation reports is very paramount. The regulatory bodies should set up strategies at educating clients on the importance of valuers adhering to formal valuation standards. By raising client awareness about the value of thorough and compliant reports, valuers may receive more support in taking the necessary time and resources to meet The Green Book standards fully. Educational campaigns targeted at corporate clients, multinational organizations, and government agencies could help shift expectations towards higher compliance.

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