

Forced Sale Discount on Property Market – How to Assess It?

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Key words: Valuation

SUMMARY

The aim of the article is to reduce the gap in the lack of tools dedicated to determining forced sale value. It is focused on the development of a methodology that takes into account the procedures used in property valuation with the use of automated valuation methods based on rough set theory and fuzzy logic. The authors propose an alternative method serving as an alternative to individual/human valuation, which may not be objective and reliable for such purpose. The method gives more accurate results than hedonic models in the face of qualitatively and quantitatively ambiguous, imprecise and vague data, which is commonly found in the real estate market, especially regarding not typical/market sales. The methodology was verified on the basis of data collected on two property markets: city of Bari (Italy) and city of Olsztyn (Poland). The achieved results indicated that value regarding forced sale is about 22% lower in the case of Olsztyn when compared to average market value of the used sample, whereas in the case of Bari – about 45% lower.

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FIG Working Week 2020

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Amsterdam, the Netherlands, 10–14 May 2020