Title: A Search for an Acceptable Margin of Valuation Error: A Case of Valuers and their Clients in Nigeria.

Author(s): Ogunba, O. A. and Iroham, C. O.


Date: 2010

Abstract: In the search for accuracy and consistency in valuation, there has been a recurrent problem of identifying the accuracy consistency benchmark (a maximum acceptable margin of error), beyond which valuation should be considered negligent. This work is aimed at discovering such a margin of error in the Nigerian context (for stable market conditions) from the view points of both valuers and their clients. The research method involved the distribution of questionnaires to 195 estate surveyors and valuers in Lagos metropolis, and all the 25 commercial banks in the country. The responses demonstrated that the benchmark for valuation variance in Nigeria could range between ±11.1% (as suggested by valuers) and ±13.16% (as suggested by their mortgage valuation clients). It was noted that the appropriate implementation of such a margin of consistency in unsatable market conditions must be cautious and flexible taking into consideration the availability of data.