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Valuation of Land without Land Markets: The Case of Dar es Salaam, Tanzania

Historically, valuation of land existed to a limited extent in Tanzania. While there was some sort of land market during colonial era, valuation has been restricted to developed land after independence. This situation has been occasioned by the policy of non-saleability of land that was characteristic of the 'ujamaa' (socialism) epoch. Valuation of land was therefore done on very few occasions.

The real need for land valuation emerged after the formulation of the new land policy which declared publicly that land has value and that the value shall be realizable under some situations. Following this important policy declaration the land market is now changing. Hence valuers would be wanted to undertake valuations of land more frequently but will still face a problem of assessing land values using the market approach which has been proved to be more realistic and objective. Valuers need to rationalize land valuation practice by developing appropriate land valuation methodologies and standards to suit a situation where a large section of the land market is still informal.

This thesis is addressing the problem with a view of establishing the way on how the valuation practice would be conducted. In trying to accomplish this objective, a case study of Dar es Salaam was chosen based on the fact that more land transactions are

taking place there than in any other part of the country. Key literature was reviewed to establish valuation theories and practices and also to establish the amount of coverage on the subject in Tanzania. Semi-structured questionnaires were prepared to help in acquiring information through interviews.

The study has realized that for maintenance of standards and regaining people's almost lost faith into valuation, valuers can not be left to act alone. That market approach should be used in all land valuations. The only major problem associated with the use of this method is obtaining enough land sales information within a limited valuation time. If such information is available then valuers will be able to accomplish their tasks within a short time and the differences in value will be within reasonable margins.

In order for the system to be sustainable, the study suggests that there must be a section dealing with obtaining, keeping and updating land market information associated with appropriate legal institutions which will help in keeping professional discipline and ensure declaration of all land transactions. Utilization of technological development is also highlighted as very important and that Tanzanian valuers will have to act fast so as to fit in the new technological developments.

Key words: Land valuation, informal land market, residual method, market comparative approach, Der es Salaam, Tanzania