

## Country-Specific Legislation and Practice

### Country Chapter



### Norway

#### Introduction

One of the guiding principles of TEGoVA is to promote consistency of standard definitions of value and approaches to valuation trans-Europe. The publication of European Valuation Standards (EVS) provides the state, investors, the financial industry, valuers and their clients with a common benchmark which can be consistently applied, irrespective of the location of a real estate asset.

Whereas harmonisation of valuation standards enable recognised bases of valuation to be reported, the preparation and publication of a valuation must also respect client need, national legislation and custom. Customary differences, particularly in respect of valuation methodology, may result from the requirements of statute or regulation.

This Country Chapter illustrates differences that currently exist across Europe. The Country Chapters are not intended to provide definitive advice. The text that follows has been provided by TEGoVA Member Associations (TMAs) to outline country-specific legislation and practice.

The European Group of Valuers' Associations (TEGoVA)  
Boulevard Saint-Michel 45  
1040 Brussels  
Belgium

Tel: +32 (0)2 503 32 34  
Email: [info@tegoval.org](mailto:info@tegoval.org)

Fax: +32 (0)2 503 32 32  
Website: [www.tegoval.org](http://www.tegoval.org)



## Norway

**Professional body represented on TEGoVA:**

**NORGES TAKSERINGSFORBUND (NTF)**

Norwegian Valuers and Surveyors Association

**History**

- Self-regulatory status of professional bodies since 1957.
- There have been several attempts to introduce legislation for state licensing of valuers in Norway; however, no government has yet found the issue important enough to give it the necessary priority. In 2006 there seems to be a growing interest in passing legislation governing the valuation profession.
- Local terminology is generally EVS terminology, translated into Norwegian. However the Norwegian tradition is to look more thoroughly into matters relating to the building construction and state of repair. Several terms are standardised for this purpose and will not be found in general valuation terminology.

**Relevant national legislation**

- Special legislation related to land lease.
- General legislation regarding many aspects of transfer of ownership.

**National standards and/or guidance**

- NTF`s Takseringshåndbok (NTF`s Valuation manual)
- NS (Norwegian standard) 3940 – The measuring of building areas.
- NS 3451 – Building elements.
- NS 3424 – State of repair reports.

**Status of standards/guidance**

- The NTF Valuation manual is mandatory for NTF members.
- Parts of the latest edition of the EVS will be translated.

## **Regulatory requirements**

No formal requirements, but well established regional practices for using valuation reports, often with “state of repair reports”, in connection with purchase and sale of residential properties as well as mortgaging of such properties. It is expected that in the near future legislation will be passed requiring the compulsory use of state of repair reports (Home Sellers Report) in all transactions involving residential properties.

## **Methodology**

- Capitalisation of net income (mainly commercial properties).
- Comparative valuation regarding residential properties.
- Mortgage value determined through risk evaluation of the object, particularly the general risk of declining markets as well as special features of the object that influences the probability of realising the expected Market Value of the object.
- Depreciated Replacement Cost (DRC) or the Cost Approach is a technical calculation of the cost involved in rebuilding the construction less an assessment of the wear and tear of the object. The land value is then added on.

## **Code of Measuring Practice**

Ref. NS 3940 above (under revision).

## **Note on key purposes of valuation**

- Valuation in connection with purchase and sale of a property (e.g. change of ownership).
- Valuations for loan security purposes.
- Valuations for financial statements.
- Property taxation.
- Compensation in connection with compulsory purchase (expropriation) of land.

## **Normal standard lease terms**

For residential property rent per month, for commercial annual rent per sq. metre.

## **Taxation**

Local authorities can impose such taxation limited to 7% of approximately 25% of Market Value per annum.

### **Typical finance arrangements**

Loans between 50% and 70% of property value as a mortgage.

### **Main differences between national standards and EVS**

- There is no practice in Norway of applying standard requirements to valuation reports from external and internal valuers, only to reports from independent valuers.
- The validity of Norwegian valuation reports are usually not restricted to the purpose for which they were initially ordered or to one particular purpose and will frequently be used as supporting documents in subsequent property evaluations.