

Valuation and Natural Capital - an emerging sector for land professionals

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SUMMARY

Current global valuation methodologies and standards are principally based on financial metrics, largely derived from property transaction evidence or market based costs and returns. Natural capital (and related carbon trading/offsetting) has not traditionally traded in this way and therefore is not easily evaluated by these methodologies.

Many different approaches have been developed to evaluate natural capital mainly originating from the economic and ecological disciplines. RICS has produced two important professional outputs in 2024 - Valuation of Woodlands and Carbon Markets and the rural economy - which start to lay down professional best practice frameworks for helping surveyors understand the complex methodologies and how natural capital and carbon trading potential affects land value. This presentation will outline the content of both of these new standards, look at where natural capital is being used for land value calculations and how the growing carbon market is affecting global land value and tenure security in the global south.

Natural capital has been the focus of The Economics of Ecosystems and Biodiversity (TEEB), a global initiative focused on 'making nature's values visible' whose principal objective is to mainstream the values of biodiversity and ecosystem services into decision-making at all levels across all sectors. There has been a plethora of other global initiatives with natural capital at their core. This is particularly relevant in the global south where up to 70% of land (and much of that biodiverse rich) is held in an informal, customary and unregistered state. UN GLTN, RICS, FIG and IVSC have collaborated on Valuation of Unregistered Land - A Practice Manual - Global Land Tool Network (gltn.net) and are developing their understanding of the increasing importance of natural capital in understanding land value.

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