



Valuation Office  
Agency

# The Feasibility of Using Statistical Models to Value Land in Wales

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## Executive Summary

Question: If the Valuation Office Agency had to value land in Wales for taxation purposes, how feasible would it be?

Answer: It is feasible based on the following assumptions:

- We start from the current and planned future practices of using model assisted valuation for Council Tax and non-domestic rating respectively.
- We use model assisted valuation on the most common property types.
- We attribute values to parcels of land associated with titles registered with His Majesty's Land Registry.
- Model Assisted Valuation could produce first-pass valuations that would need extensive expert adjustment by valuers to consider features specific to different parcels of land.

Even if land were valued in this way, the following caveats would apply:

- The valuation assumptions that define the hypothetical transaction and the permissible purposes for which the land will be used would have to be provided to the Valuation Office Agency, where these purposes differ from actual use.
- His Majesty's Land Registry would need a complete digital map (cadastre) of Welsh land ownership so that values could be attributed to the correct parcels of land.
- Standardised approaches to apportioning the total value of a property between land value and improvements would need to be laid out in the regulations, as there is insufficient evidence to do this individually for each property without considerable risk of challenge.
- The resulting values could only be regarded as 'notional' values, because they would not be evidenced against open-market value of land on a case-by-case basis.
- If yields are used to capitalise rental estimates, yield assumptions would similarly be required to be specified in regulations.
- The notional values produced would be suitable for comparing the value of properties within the same property type.
- Comparison across different property types would be less accurate than comparison within property types.
- There are risks of perverse incentives arising from using land values as the basis for policies which may incentivise change of land use.