

Many landowners, particularly in rural areas, lack proper documentation to prove ownership or determine the actual value of their land, which leaves them exposed to exploitation. PHOTO/GEOFFREY OYET OKWERA.

Land valuation to protect both property owners and investors

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BY GEOFFREY OYET OKWERA

Jack Owiny purchased three plots of land in Kisoga, on the Mukono–Katosi highway, along the new Jinja route. The location, which is gradually developing due to improved road connectivity and growing residential settlements, made the property particularly attractive for investment.

What made the transaction even more remarkable, however, was the unusual turn of events that worked in Owiny's favour. The property owner oblivious of land transactions and in need of urgent money sold the property at a much lower price.

One man's loss

As a result, Owiny was able to acquire the three plots at a very favourable cost, a deal which might not have been possible under normal circumstances. The urgency of the seller's situation significantly lowered the bargaining threshold, ultimately allowing Owiny to secure the property at a price far below the prevailing market rate.

Another property owner, Matia Kato from Mukono on the Mukono–Kayunga road, found himself in some sort of predicament when a group of investors approached him with interest in acquiring land, to establish a factory outlet. Kato owned about four acres of land and, had already been considering disposing of the property so that; he could relocate to another place and pursue other opportunities.

Sensing an opportunity, the investors quickly initiated negotiations. However, they took advantage of Kato's limited knowledge about the prevailing land prices in the area. They offered him Shs4m per acre, a price that was significantly below the actual market value of about Shs8m per acre. Unaware that the offer was far less than what the land was worth, Kato accepted the proposal without seeking independent advice or valuation.

Eager to receive the money and conclude the transaction, Kato did not hesitate to sign the agreement and consent forms required for the sale. The investors paid for the land in cash, completing the purchase within a short period of time. It was only later that Kato reportedly realised that the land had been sold at almost half its market value.

Just like Kato, limited access to reliable information about land values, coupled with urgent financial needs, leaves many sellers exposed to exploitation by opportunistic buyers who take advantage of their circumstances to acquire land at significantly reduced prices.

The land valuation project

It is against this backdrop that the Ministry of Lands, Housing and Urban Development (MLHUD) is rolling out a land valuation project, beginning with Mukono as a pilot area. The initiative seeks to address persistent challenges in land transactions, where many property owners are often disadvantaged due to lack of accurate information on prevailing land prices.

Through the project, government intends to establish a comprehensive and standardised valuation framework that will provide reliable data on land prices within the district. The exercise will involve assessing land values across different locations, taking into account factors such as proximity to major roads, availability of infrastructure, land use patterns, and the level of urban development.

The outcome of this exercise is expected to produce a definitive valuation report that will serve as an official benchmark for land prices across the entire district. Authorities say the report will help guide both buyers and sellers during land transactions, reduce exploitation of property owners, and promote transparency in the land market. If successful, the Mukono pilot is expected to be replicated in other districts across Uganda, eventually creating a national reference framework that will guide land valuation and ensure fairness in property transactions across the country.

Stephen Muhumuza, the Deputy Chief Administrative Officer (CAO) of Mukono District, observes that many local property owners particularly in rural and peri-urban parts of the district are often exploited during land transactions because they lack adequate knowledge about the true value of their land.

According to Muhumuza, this information gap has made many landowners vulnerable to manipulation by opportunistic buyers. He notes that several investors deliberately target such property owners because they are unsuspecting and largely unaware of the procedures and safeguards involved in land transactions.

As a result, some landowners end up selling their land at prices far below the prevailing market rates, often without seeking professional valuation advice or consulting relevant authorities before concluding the deals. Muhumuza says initiatives such as the ongoing land valuation project are intended to empower property owners with accurate information so they can make informed decisions and avoid exploitation during land sales.

Creating gap for exploitation

Muhumuza also notes that the challenge is not one-sided. While some property owners are exploited due to lack of knowledge about land values, others take advantage of investors by deliberately inflating the prices of their property.

According to Muhumuza, this situation has created an environment that attracts numerous land brokers who position themselves between buyers and sellers during negotiations. These brokers often exploit the information gaps on both sides of the transaction, presenting different price figures to each party.

In many cases, the brokers levy commissions or percentages from both the property owners and the investors once the deal is concluded. Muhumuza explains that this practice has contributed to distortions in the land market, with prices sometimes being driven up artificially or negotiated without clear and reliable valuation benchmarks.

Benon Okumu, the Assistant Commissioner in the Valuation Department at the Ministry of Lands, Housing and Urban Development, notes that property owners with untitled land are often more vulnerable to being cheated during land transactions.

Okumu explains that the absence of formal land titles makes it easier for unscrupulous buyers and middlemen to manipulate or undervalue such property during negotiations. Many landowners, particularly in rural areas, lack proper documentation to prove ownership or determine the actual value of their land, which leaves them exposed to exploitation.

However, Okumu says the good news is that the provisions within the Land Act recognize and protect the rights of property owners even when their land is not formally titled. The law provides for different forms of land tenure and safeguards the ownership rights of individuals occupying or owning land under customary arrangements.

Legal expertise view

From a legal perspective, Timothy Rukondo, advises property owners to always begin the process by conducting a professional valuation to accurately determine the true worth of their property.

Rukondo explains that in many cases there is no clear or standardised basis through which property owners, especially those outside Kampala determine the price of their land. As a result, many rely on guesswork, informal advice from friends, or figures suggested by brokers and potential buyers, which may not reflect the actual market value.

He notes that conducting a proper valuation informs property owners about the prevailing market price, strengthens their bargaining position during negotiations, and reduces the likelihood of being exploited during land transactions.

SAFETY

To strengthen land security for such property owners, the Ministry of Lands has also introduced the issuance of Certificates of Customary Ownership (CCOs). These certificates are intended to formally recognise customary land rights and provide landowners with documentation that affirms their ownership, thereby improving tenure security and reducing the risk of disputes-disputes or exploitation during land transactions.

