

**EFFICIENCY AND EFFECTIVENESS
IN USING INTERNATIONAL VALUATION
STANDARDS IN LAND MANAGEMENT
AND LEGISLATION FRAMEWORK
CASE OF ROMANIA**

- I. SUSTAINABLE DEVELOPMENT
- II. THE EVOLUTION OF REAL ESTATE MARKET
 - a. FOREIGN INVESTMENT IN ROMANIA'S REAL ESTATE MARKET
 - b. MORTGAGE INFLUENCE ON THE REAL ESTATE MARKET
 - c. LEGAL FRAMEWORK
- III. APPRAISAL POLICIES. THE NATIONAL ASSOCIATION OF ROMANIAN VALUERS
- IV. CONCLUSIONS



SUSTAINABLE DEVELOPMENT

Expanding human requirements and economic activities are placing ever increasing pressure on land resources, creating competition and conflicts and resulting in sub-optimal use of both land and land resources.

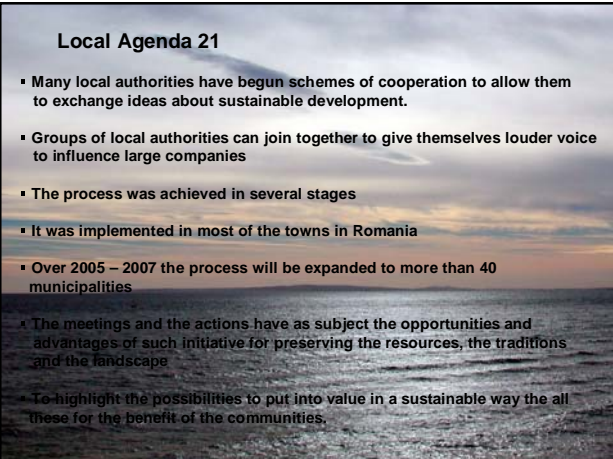
By examining all uses of land in an integrated manner, it makes it possible to:

- Minimize conflicts
- Make the most efficient trade-offs
- To link social and economic development with environmental protection and enhancement, thus helping to achieve the objectives of sustainable development.

One of its key components is a conscious consideration of the needs of the future generations



Social and economic development goals are essential parts of the country's development strategy. Romania adopted a long-term National Sustainable Development Strategy and subsequently prepared a National Action Plan for the implementation of NSDS, and the introduction of Local Agenda 21 process in the country.



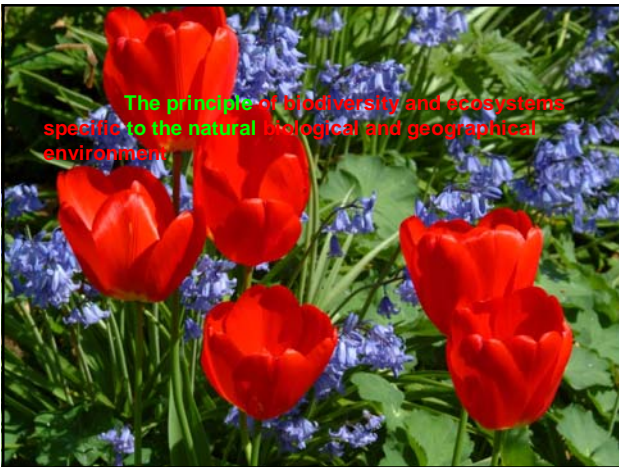
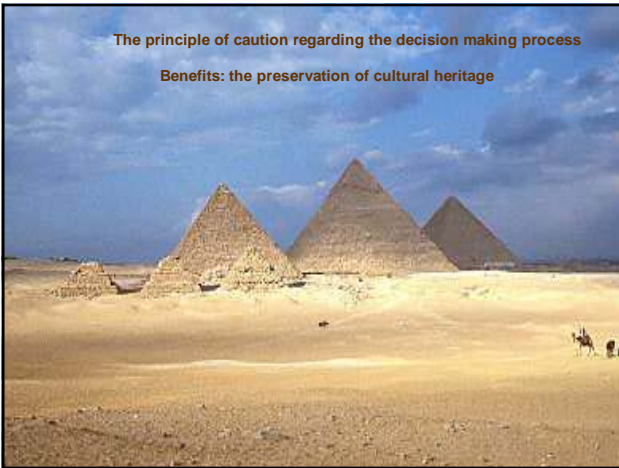
Local Agenda 21

- Many local authorities have begun schemes of cooperation to allow them to exchange ideas about sustainable development.
- Groups of local authorities can join together to give themselves louder voice to influence large companies
- The process was achieved in several stages
- It was implemented in most of the towns in Romania
- Over 2005 – 2007 the process will be expanded to more than 40 municipalities
- The meetings and the actions have as subject the opportunities and advantages of such initiative for preserving the resources, the traditions and the landscape
- To highlight the possibilities to put into value in a sustainable way the all these for the benefit of the communities.

The Romanian Legal Support resides in Law no 137/1995, which was enforced before the implementation of National Sustainable Development Strategy in order to support this long term strategy

Strategic methods and principles under Law 137/1995

- To implement the environment policies harmonized with the developing programme
- To link between the environment project and the land management
- Setting up the economic stimulants and coercions
- Setting up norms and standards, their harmonization with the international regulations and the enforcement of the coercive programmes



The main concern is to remove the pollutants which have a dangerous, direct influence on people's health

Application: The project "Rosia Montana" which implies the using of prohibited methods of gold exploitation. The works have been stopped by the authorities.

Besides the negative effect on the environment, on the archaeological heritage in the area, another influence would have been on the real estate market in the neighbourhood

The prices of the houses might lower

The pollution would decrease the potential investments

Traces of recent exploration on the right wall of a Roman gallery (grey area), removed stones are on the pavement further away

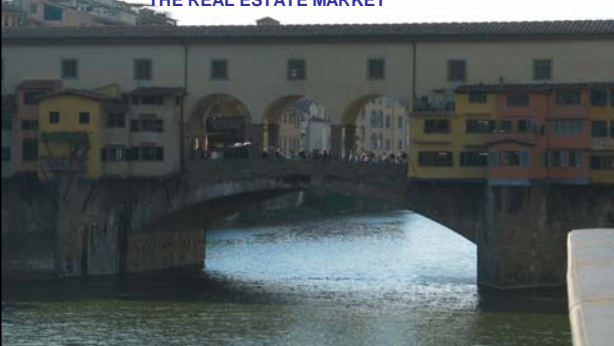
The principle of sustainable utilization &

- The principle of international cooperation in order to assure the quality of the environment

Applications

- The reconstruction of Danube Delta environment &
- The international cooperation among the river-side states regarding the reconstruction of the Danube Delta

**OBVIOUSLY THERE IS THE LINK BETWEEN
THE SUSTAINABLE DEVELOPMENT AND
THE REAL ESTATE MARKET**



THE ISSUES AS WATER POLLUTION AND WATER CONSUMPTION, ENERGETIC RESOURCES AS GAS, COAL, IMPACT ON LAND AND HUMAN HABITAT STARTED TO BE SOLVED IN A MULTIDISCIPLINARY APPROACH

THE ECOLOGICAL CHANGES, THE NEGATIVE EFFECTS ON THE ENVIRONMENT CAN AFFECT IN TIME THE LAND AVAILABILITY AND HAVE IMPACT ON THE NEIGHBOURHOOD PROPERTIES

IT IS KNOWN THAT PRICES OF PROPERTIES LOWER IN THESE CONDITIONS



THE ROMANIAN REAL ESTATE MARKET



In the 90's, in the Central and Eastern Europe, countries such as Czech Republic, Poland and Hungary occupied the leading positions as regards the options of institutional and independent investors

Due to the positive evolution during the last 3-4 years, both in terms of actual economic increase and in terms of adoption of norms and standards necessary for a functional economy, the Romanian real estate market is now assaulted by investors

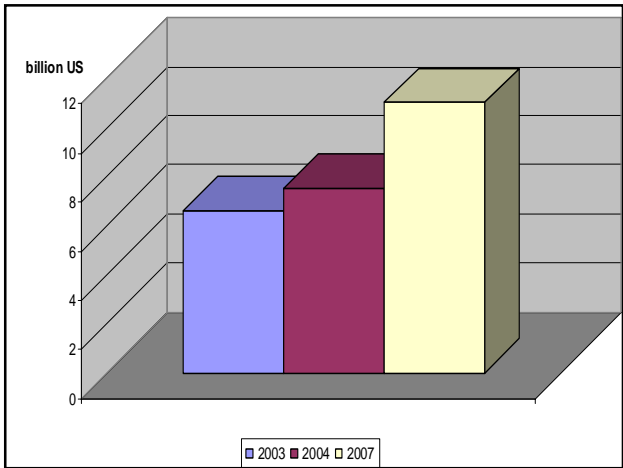


THE INTEREST OF THE INVESTORS IS BASED ON

- A FUNCTIONAL ECONOMY
- THE PERSPECTIVE OF ROMANIA'S EUROPEAN UNION ACCESSION
- THE HIGHLY PERMISSIVE TAX POLICY WHICH IS 0% TAXATION FOR NATURAL PERSONS AND 1,5% FOR CERTAIN CATEGORIES OF COMPANIES FOR REAL ESTATE TRANSACTIONS
- THE PROFIT IS MUCH HIGHER THAN THE EUROPEAN AVERAGE PROFIT
- THE MARKET RISK IS LOWER
- THE DEVELOPMENT OF MORTGAGE MARKET THAT PROVIDES FUNDS FOR THE ACQUISITION OF PROPERTY WITH THE HELP OF BANK LOANS WHICH ALLOWED MORE PARTIES TO ENTER THE BUYING MARKET
- A POSITIVE BUSINESS ENVIRONMENT ALSO INFLUENCED BY THE LEGISLATION REGARDING THE FOREIGN INVESTMENTS

THESE CUMULATED FACTORS TURNED ROMANIAN REAL ESTATE MARKET INTO A VERY ATTRACTIVE ENVIRONMENT

THE MARKET IS EXPECTED TO REACH 11 BILLION US IN 2007 WITH TRANSACTIONS INCREASING BY 30% EACH YEAR



MOST OF THE INVESTORS ARE FOREIGNERS ESPECIALLY ITALIAN, GERMAN AND AUSTRIAN BUT ROMANIANS HAVE AN IMPORTANT SHARE AS WELL

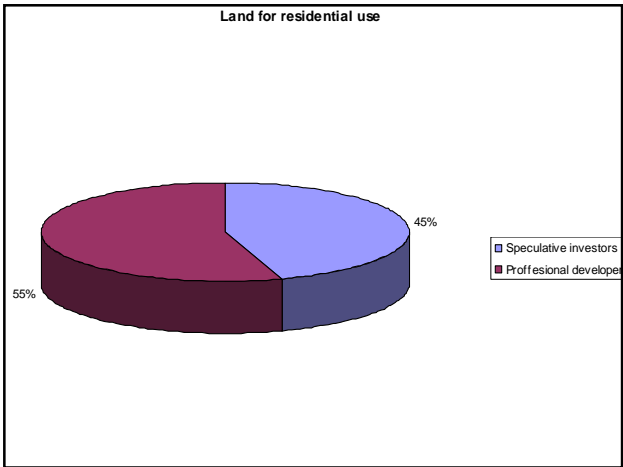
THE WESTERN AREAS OF THE COUNTRY ARE WITNESSING AN INCREASED PRESENCE OF FOREIGNERS WHO COME AND MAKE MASSIVE LAND PURCHASES

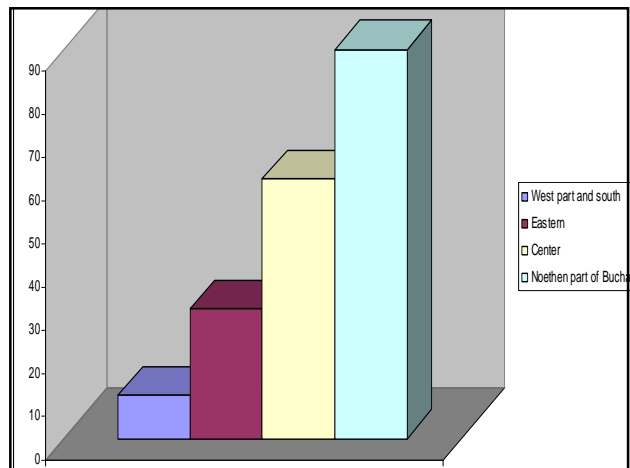
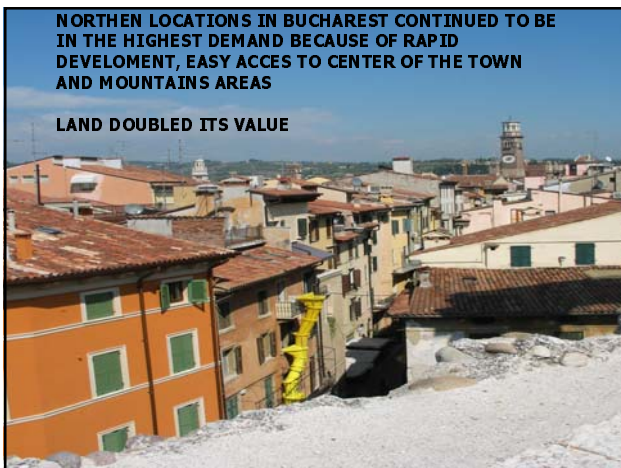
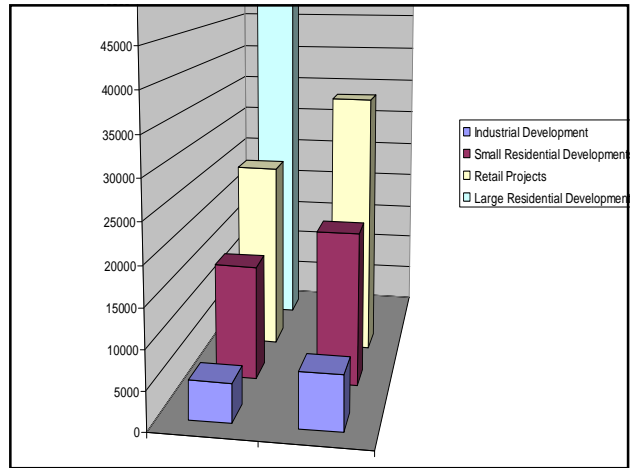
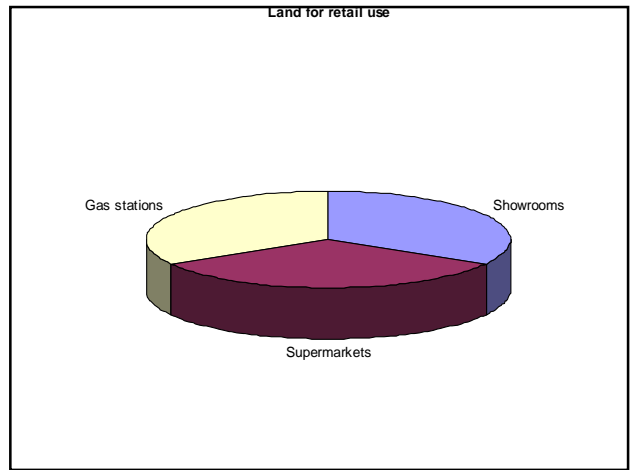
THE FOREIGN INVESTORS HAVE SHOWN A HIGHER LEVEL OF TRUST THE ROMANIAN BUSINESS ENVIRONMENT AND OFTEN CONSIDER MAJOR PORTFOLIO ACQUISITIONS IN THE LARGE CITIES

RESIDENTIAL LANDS

DEVELOPMENT OF THE MORTGAGE MARKET THAT PROVIDES FUNDS FOR THE ACQUISITION OF PROPERTY WITH THE HELP OF BANK LOANS WHICH ALLOWED MORE PARTIES TO ENTER THE BUYING MARKET

MANY PEOPLE COULD MOVE FROM A FLAT TO A HOUSE





OFFICE BUILDINGS

THE MARKET FOR OFFICE BUILDINGS IN BUCHAREST HAD A DYNAMIC EVOLUTION

- AVAILABILITY IS DECREASING
- THE SUPPLY LAND FOR OFFICES WILL BE LIMITED WHILE DEMAND WILL INCREASE
- PRICES WILL RISE

INVESTMENTS LEGAL FRAME

LAND INVESTMENTS ARE STRONG IN ALL SEGMENTS

UTILITIES, REAL ESTATE SECTOR FROM FARMING LAND TO THE MOST SOPHISTICATED HOUSES ARE THE STARS OF THE MOMENT

THE FREEDOM OF INVESTMENTS, FORMS AND METHODS

THE POSSIBILITY OF INVESTING IN ANY FIELD AND UNDER ANY JURIDICAL FORM PROVIDED BY THE LAW

THE EQUAL TREATMENT

THE GUARANTEES AGAINST NATIONALIZATION, EXPROPRIATION OR ANY ONTHER MEASURE OF SIMILAR EFFECT

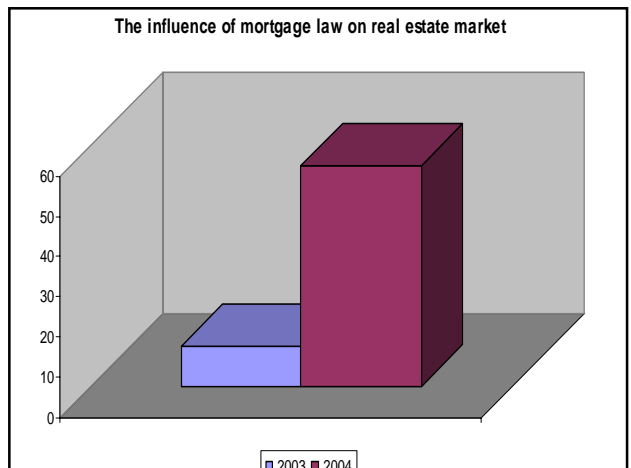
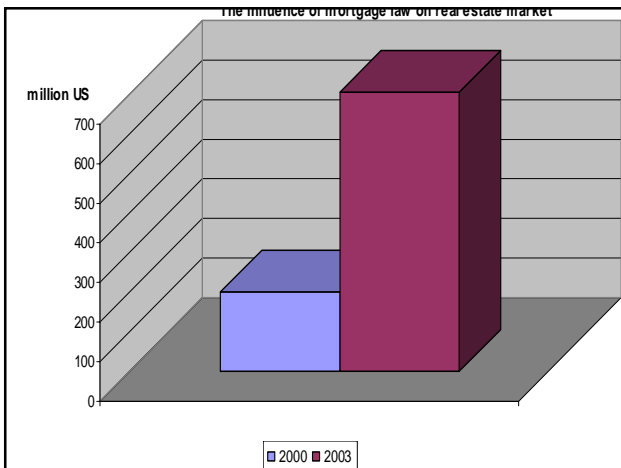
THE RIGHT TO OWN MOVABLE AND IMMOVABLE ASSETS, EXCEPTING THE LAND WHICH MAY BE ACQUIRED BY ROMANIAN NATURAL AND ROMANIAN PERSONS

THE RIGHT TO ELECT THE COMPETENT COURT OR ARBITRATION

THE INFLUENCE OF MORTGAGE LAW AND BANKING LAW ON THE REAL ESTATE MARKET

AN OPEN MARKET FOR MANY PLAYERS

- THE MORTGAGE LAW TOGETHER WITH THE BANKING LAW ALLOWS FOR LOANS TO BE SECURED BY FUTURE PROPERTY
- AS THE PROPERTY IS BUILT IT BECOMES SUBJECT TO THE MORTGAGE
- MANY LENDERS REQUIRE LIFE INSURANCE ON THE PRINCIPAL BORROWER
- THE CHANGE IN THE VALUE OF THE PROPERTY DOES NOT REQUIRE MODIFICATION FOR INITIAL REGISTRATION
- THESE PROVISIONS WERE INCLUDED IN THE LAW IN ORDER RO ALLOW ANL (NATIONAL HOUSING AGENCY) TO DEVELOP AND FINANCE THE SALE OF HOUSING



APPRAISAL POLICIES

- THE NATIONAL ASSOCIATION OF ROMANIAN VALUERS WAS ESTABLISHED IN ROMANIA IN 1997 AS A RESPONSE TO THE ECONOMICAL CHANGES AND TO THE NEW CONCEPT OF FREE MARKET
- THE ANEVAR (NATIONAL ASSOCIATION OF ROMANIAN VALUERS) ALSO SET UP THE ROMANIAN INSTITUTE OF VALUATION RESEARCH WHICH COORDINATED DRAFT PROJECT FOR ANEVAR STANDARDS NAMED VALUATION STANDARDS DEFINED ACCORDINGLY TO THE EUROPEAN AND INTERNATIONAL STANDARDS
- ANEVAR IS A MEMBER OF THE BOARD COMMITTEE OF IVSC (INTERNATIONAL VALUATION STANDARDS COMMITTEE) AND FULL MEMBER OF TEGoVA (The European Group of Valuers' Associations)
- ONE OF ITS MEDIUM TERM AIMS IS TO HARMONIZE THE VARIOUS STANDARDS, FROM THE VALUATION FIELD, THE SALES FIELD, THE BUILDINGS AND CADASTRE-GEODESY FIELDS IN ORDER TO OPERATE WITH A COMMON LANGUAGE, USING AS REFERENCE ISO 9000 (quality standards) and ISO 1400 (environmental management)

CONCLUSIONS

- THIS PAPER AIMS TO SHOW THE LINKS AMONG THE INTERNATIONAL REQUESTS OF SUSTAINABLE DEVELOPMENT IN A GLOBAL SOCIETY AND THE REAL ESTATE MARKET CONSIDERED TO BE AN IMPORTANT PART OF THE HABITAT
- THE STEPS FORWARD MADE BY ROMANIA IN THIS DIRECTION ARE HIGHLIGHTED BY AN ADEQUATE LEGISLATION ORIENTATED TO A NEW DEFINITION OF THE PROPERTY RIGHT UNDER THE NEW CONSTITUTION WHICH GUARANTEES THE PROPERTY RIGHT AND THE RESTITUTION OF PROPERTIES – RESTITUTIO IN INTEGRUM
- ALL THESE LEGAL PROVISIONS HAD A DYNAMIC IMPACT ON THE REAL ESTATE MARKET
- ROMANIA IS A POTENTIAL MARKET WICH HAS A BRIGHT FUTURE IN THE FIELD OF THE REAL ESTATE INVESTMENTS, CONSIDERING THE NEEDS FOR A NEW URBAN POLICY AND THE EXISTENCE OF A LARGE, COMMUN, FREE, EUROPEAN MARKET

THANK YOU FOR YOUR ATTENTION

SHOKRAM