

Commission 9 – Valuation and the Management of Real Estate

Annual Report 2016

1. Title

Valuation and Management at the Core of Successful Land Policy

2. Terms of Reference

- Valuation, being the estimating of value of all kinds of real estate by valuers and appraisers for various purposes, including market value, property taxation, eminent domain, investment, redevelopment and refurbishment, and for both public and private purposes;
- Investment in real estate, investment planning and real estate investment vehicles;
- Real estate finance, development finance, land use feasibility planning, block chain;
- Real estate economics, markets and market analysis;
- Management of all kinds of real estate at all levels;
- Asset management for corporate private and public sectors;
- Management of the use of buildings to ensure optimum benefits to occupiers.

3. Mission Statement

The mission of Commission 9 is:

- To advance the professional practice of valuers and property managers working in all areas of real estate valuation and management;
- To research and publish “best practice” for the benefit of valuers and property managers in different jurisdictions and sectors of the industry. This will benefit of the surveying community and improve our services to the wider public;
- To facilitate and generate the exchange of information, knowledge and experience between surveyors for the benefit of the profession, our clients and the wider public;
- To publicise and promote the work of surveyors to the public, particularly to young people, governments and non-government organisations and to enhance the value and perception of the value of surveyors and the services they can deliver, especially in support of the global sustainability agenda and the Millennium Development Goals;
- To co-operate and work with fellow surveyors in all specializations of the profession to further the broader objectives of FIG.

4. Themes

This work plan focuses on three highly relevant themes, Property Taxation, Real Estate Market Policy Frameworks, and Valuation Methods and Standards.

Working Group 9.1 will expand the debate surrounding the United Nations published the *Policy Framework for Sustainable Real Estate Markets* booklet. The aim of Working Group 9.1 is to discuss, analyse and expand upon the 10 principles within this text, to allow for greater understanding and applicability in their implementation. This should benefit all interested actors, government organizations, and non-government organizations.

Working Group 9.2 along with Commission 7 will address block chain financial technology as it relates to risk management, valuation, and access to credit within this rapidly evolving sector. Financial technology is evolving at a rapid pace with land and credit markets to be affected greatly. A greater understanding of block chain financial technology will aid government and non-government actors, as well as the financial and insurance sectors. Efficiency and security gains could be immense and affect how land administration functions, allow greater access to credit for vulnerable groups, and change how risk in the future is weighted, perceived, and analysed.

Round Table Discussions 9.3 will identify the commonly used standards in different markets and study the valuation methodologies adopted. Local actors will share and discuss templates and techniques used so that the industry can broaden its base of knowledge, enhancing the ability of practitioners to support their local economies and professional organizations.

Working Group 9.4 explores adding a valuation component to extend the scope of LADM from a fiscal perspective to provide an information model that could be used to construct information systems for mass property valuation. This has the benefit of a more broad based and coherent LADM model handling a very wide range of functions and increasing efficiency of the land markets through consolidation of administrative real estate functions .

All of the Working Groups and Round Tables have the goal of expanding the knowledge bases and skill sets of our professional organizations, their individual members, national governments, non-government and international aid organizations, and by extension the global economy.

5. Working Groups

Working Group 9.1 – Expanded Policy Framework for Sustainable Real Estate Markets

In 2010, the United Nations published the *Policy Framework for Sustainable Real Estate Markets* booklet. This document provides a short discussion of 10 Principles and related guidance for the development of a country's real estate sector. The aim of Working Group 9.1 is to discuss, analyse and expand upon these 10 principles, to allow for greater understanding and applicability in their implementation. In effect, this Working Group will broaden the discussion surrounding the individual 10 principles to include more specific details, as well as outline possible economic and social impacts. This should benefit all interested actors, government organizations, and non-government organizations as it relates to regulating, improving or developing a sustainable national real estate market.

In 2015 the early data gathering and analysis of the Policy Framework had begun. In 2016, comprehensive analysis and round table discussions at the FIG Working Week expanded applicability and transparency of these Framework components, and in 2017 the remainder of 10 principles will be examined with further roundtable analysis.

Working Group 9.2 – Valuation and Real estate management through Fin-tech

This working group focuses on fourth generation technologies used by the World Bank’s approach to land engagement. Blockchain technology has been hailed by custodians as being the future of the real estate management industry with potential to streamline processes such as land and property registration, valuation of property and many more digital actions. This could increase efficiency throughout the operation of land markets, impacting both both public and private purposes.

This Working Group has aimed to ‘define’ the technology in its applications in the real estate management and valuation arena. The group also plans to draft a list of open items, questions and concerns regarding the adoption of blockchain technology that will act as a reference guide. The working group also aims to launch workshops with financial institutions to illustrate the impact of blockchain on trade processes in order to capture the views of institutions rather than ‘convince’ them of blockchain implementations. As a result of these consultations, the working group also plans to launch a central repository of information on the technology towards investment planning and real estate investment vehicles through better and more efficient valuation tools in developing countries and informal markets.

This analysis has begun exploring these factors and begun coalescing information throughout 2016. In 2017 and 2018 this information will be gathered and analysed further with a publication presenting our findings as the final outcome.

Round Table 9.3 – Valuation Methods and Standards Worldwide

There is an abundance of valuation report templates and techniques for the analysis of differing property types. However, few valuation professionals have access to more than a handful of these templates, limiting their ability to creatively address a specific appraisal problem.

In 2015 templates were considered and gathered for analysis in 2016. At the 2016 FIG Working Week, roundtable discussions will bring together real estate professionals (valuers, managers, brokers, state and private ownership organizations) to share templates and techniques used to value and analyse specific property types.

Working Group 9.4 - Development a Valuation Component for the ISO 19152:2012 Land Administration Domain Model

Valuation and taxation of land and immovable property is related to the many processes of land management for achieving towards Sustainable Development Goals. The political aspects of these processes are critical, but this research addresses the information contents/ systems aspect, and focuses on development of an international data standard for the aforementioned valuation inventories or databases.

There are several international standards related to the procedural and measurements aspects of immovable property valuation. However, there is no internationally accepted standard that defines the data content or semantics of valuation databases, such as the entities, attributes/properties, relationships, and constraints of the information model.

The ISO LADM presents a conceptual schema for the specification of property units and their legal and geometric characteristics, and relates these datasets with other property related datasets. It defines semantics of land administration systems mainly focusing on legal requirements, but also provides a formalism, which allows for an extension that responds to fiscal requirements.

The aim of this Joint Working Group is to define the semantics of valuation information maintained by public authorities especially for recurrent taxes on immovable property, and to extend the scope of LADM from a fiscal perspective to provide an information model that could be used to construct information systems for property valuation. Work has proceeded within 2016 along these lines with Commission 7 & 9 partnering to advance the LADM models over the coming years.

6. Co-operation with Other Commissions and organisations

Commission 9 will support and contribute to FIG task forces, Commission 7 (closely with WG 9.4) and, in particular, to the Property Markets Task Force, the Young Surveyors Network, the United Nations organizations, UNECE, WPLA, REAG, FAO, UNHABITAT, GLTN, ECE, and the World Bank. It is envisaged that such international organisations will be particularly interested in the work of the Working Group 9.2 and 9.4. The possibility of joint events was investigated with a Joint Commission 7 & 9 Workshop planned for Romania in September and Columbia in December.

7. Co-operation with United Nation Organisations, Sister Associations and other Partners

Commission 9 is co-operating with, WPLA, UNECE, GLTN, the World Bank and UN-HABITAT on Commission 9 related issues.

Over the coming years, Commission 9 will investigate co-operation opportunities with a range of relevant international organisation, including International Association of Assessing Officers (IAAO), Centre for International Private Enterprise (CIPE), the International Real Property Foundation (IRPF), and the Appraisal Institute. Communication and cooperation is underway on a range of areas of common concern and discussions are ongoing regarding areas of future cooperative alliances.

Mr. Steven Nystrom
Chair of Commission 9
E-mail: nystrom@newstreamcompanies.com