

**Report to the 29th General Assembly
FIG Congress in Munich, October 2006**

FIG Commission 9 – Valuation and the Management of Real Estate

Draft Work Plan 2007-2010

1. Terms of reference

- Valuation - the estimating of value of real estate by valuers and appraisers for various purposes, including e.g. market value, property taxation, eminent domain, claims of damage or impact on value by some cause or event and acquisitions for public use or public policy;
- Investment in Real Estate and Investment Planning;
- Real Estate Investment Vehicles;
- Real Estate Finance, Development Finance, Land Use Feasibility Planning;
- Real Estate Economics, Real Estate Markets and Market Analyses;
- Management of Property, as single asset or by management companies;
- Management of Property Systems to ensure efficient use of public and private resources; and
- Management of Public Sector Property.

2. Mission statement

The real estate markets have been expanding and globalizing rapidly and the development is continuing. This means that there is a strongly growing need for uniform practices in real estate economics. International actors need reports, analyses and services made in consistent bases but also in innovative ways, which give added value to the clients in the expanding real estate markets. Standards, information and guidance for best practices together with harmonisation are asked in addition to people with good knowledge and know-how of different systems around the world. Surveyors are strongly involved in the international and local real estate markets thanks to the education of surveyors that gives a very good basis in real estate in many countries. In addition surveyors are taking care of basic registers and operations in real estate although mainly from the point of view of the public sector. FIG Commission 9 takes care that the knowledge of surveyors will cover the whole field of real estate economics contributing in that way positively to the national and global economy and to the living conditions and quality of living of human people on the whole globe.

3. General

In the period 2006-2010 the focus of Commission 9 will be

- To establish for all parties interested in real estate economics, such as valuers, real estate analysts, real estate economists, real estate managers etc. a place to discuss and exchange information about real estate and to learn new methods and ideas.

- To develop methods and guidance for real estate analyses and valuation, and best practices on the global level.
- Enhance the research on real estate by providing an arena to present academic research results or test different plans, ideas or models.
- Create and activate contact networks with different real estate organisations and universities.
- The specific focus areas and tasks of the working groups will be identified more closely below.

4. Working Groups

WG 9.1 – Compulsory Purchase and Compensations in Land Acquisition and Takings

Policy Issues

The ownership on real property is protected by constitution in most countries. Because of the nature of the real property the right of ownership can, however, not be unlimited but for the society it has been reserved a right to interfere in it when it is necessary. For example, if the society needs a land area of a real property for a street, the owner has to convey land for that purpose, if not voluntary then by compulsion. For this interference there are normally strict preconditions in order to protect the functions of the free market.

The most critical point concerning expropriation may be the question of compensation. Will the compensation statutes, valuation methods and manners really lead to full and just compensation? The rules for compensation depend on the legislation of each country. The main idea in most countries seems to be that the landowner's financial situation shall remain the same despite the expropriation. No one should be poorer because of expropriation but also not richer. Only economic values will be compensated but non-economic not. There are no strict rules that the owner has to be able to purchase a similar property for the same price as compensated although the basic idea of compensation strives to this, and normally this can even be expected. But if that cannot be done would it lead in some cases to an unjust situation where the landowner might even lose his/her living possibilities? It seems that there are also many countries where the rules or practices in compulsory purchase and compensations are still weak and the know-how narrow.

Support to knowledge in land acquisition, compulsory purchase and compensation is needed. New perspectives and a broader discussion could add to drivers for further development. This subject is not covered by valuation standards so there is need for guidance from FIG. It can contribute in developing and providing the capacity needed.

Chair

Prof. Kauko Viitanen (Finland), e-mail kauko.viitanen@tkk.fi

Co-Chairs Prof. Thomas Kalbro (Sweden), e-mail kalbro@infra.kth.se

Mr. Henning Elmstrøm (Denmark), e-mail: elmstroem@plf.dk

Specific Projects

1. Identify the legal structures and practices in compulsory purchase and compensation in different countries.
2. Will the compensation statutes, valuation methods and manners lead to full and just compensation or are there shortcomings?

3. Find possible and effective solutions to solve the problems especially for developing countries. What are the good ways to act and what principles, such as equality, you should take into to consideration, and on the other hat what are the bad examples that should be avoided?
4. Give FIG recommendations for best practises and education in compulsory purchase and compensations in land acquisition and takings.

The WG will be a joint WG with Com 9, 8 and 7.
The WG will work in close co-operation with UN-FAO.

Workshops

A seminar to tap the potential for relevant exchange of experience between countries and regions is being proposed for Helsinki in September 2007 together with the Baltic Valuation Conference (year to be confirmed before Munich 2006). Real-life experience will be added to thematic analysis. Interaction between different groups of (also new) actors will be promoted both during the preparations and by the design of the seminar itself.

In addition the subject will be discussed in each annual meeting.

Publications

- Technical papers presented in annual meetings.
- Report on results of work group investigations and reports at Congress 2006.

Timetable

- 2006-09: research papers for Technical Sessions.
- 2007: Report from the Helsinki seminar (dates to be confirmed).
- 2010: Final Report and Recommendation for Best Practice at FIG Congress.

Beneficiaries

All FIG member organizations, UN, other professional international and national organizations, agencies and governments.

WG 9.2 – Improving Slum Conditions through Innovative Financing

Policy Issues

Slum is a major challenge for our joint development. Cities are the engines for development and viable cities for the rich must also be cities for the poor. Sustainable cities are a prerequisite for development on the whole - not only for poor countries or poor people. Problems that follow a rapid urbanisation make cities increasingly subject to dramatic crisis, - problems like unemployment, deterioration of existing infrastructure, environmental degradation and inadequate shelter. One out of six world inhabitants live in slums. Without concerted action by governments and their partners, today's almost 1 billion slum dwellers will be 2 billions by 2030.

Support to slum-upgrading has focused on improved access to land, construction economics and providing basic services. Structural issues of financing and market conditions have often been overlooked. A change is urgent! Providing efficient financing facilities for slum upgrading and basic infrastructure on a massive scale will be required to meet the Millennium Development Goals.

The first UN-Habitat global assessment in housing finance conditions and trends of the world shows that a quite limited group of experts is involved today. New perspectives and a broader discussion could add to drivers for further development. The scope and actors need broadening from “just” a donor-poor peoples concern.

Economic development depends on efficacy of financial systems. A window of opportunity exists in creating a sound and sustainable market for low-income housing. FIG can contribute in developing and providing the capacity needed.

Chair

Mr. Bengt Kjellson (Sweden), e-mail: bengt.kjellson@lm.se

Specific Projects

1. Bridging the gap between mortgage market and microfinance –what could guarantee funds achieve?
2. Is securing tenure and land titles the key to efficient finance and housing?
3. Financing schemes for other actors in the sector, and
4. Sustainable cities- focusing on how financing structure and local norms affect the environment, social structure and economy.

This will be a joint WG with Com 9, 8 and 7.

The WG will work in close co-operation with UN-Habitat and the results will be presented also in a joint seminar with UN-Habitat, perhaps in connection to the WUF conference in China 2008. Marketing has been started already in WUF3 in Vancouver 2006.

Workshops

A seminar to tap the potential for relevant exchange of experience between countries and regions is being planned for the FIG working week in Stockholm June 2008. Real-life experience will be added on to by well-prepared future oriented crosscheck surveys and thematic analysis. Interaction between different groups of (also new) actors will be « fostered » both during the preparations and by the design of the seminar itself. The results will also be presented in WUF conferences in China 2008.

In addition the subject will be discussed in each annual meeting.

Publications

- Technical papers presented in annual meetings.
- Report on results at WUF Congress in China in 2008.

Timetable

- 2006-2008: research papers for Technical Sessions.
- 2010: Final Report at FIG Congress.

Beneficiaries

All FIG member organizations, UN, other professional international and national organizations, agencies and governments.

WG 9.3 – Diagnostic Tools and Prescriptive Practices for The Valuation Profession

Policy Issues

The valuation profession in many countries is still rather weak and the profession has not always benefited from good education in valuation technology and theory. Consistent and logical guidelines are poor or even missing in some markets. There are no current tool sets to determine prescriptive practices for these poorly functioning valuation systems. What is needed is a systemized way to evaluate the status of a country's valuation profession and then recommendations to bring the profession up to international standards, relative to their individual needs. This is particularly important in developing economies.

Chair

Mr. Steven Nystrom (USA), e-mail nystrom@tampabay.rr.com

Specific Projects

1. Identify the legal structures and practices in the valuation profession in different countries / markets.
2. Create a tool for diagnostic analyses of the valuation profession in these diverse markets.
3. Create a system for recommendation to bring the profession up to the international standards, relative to the needs of the individual country / market.
4. Give FIG recommendations for Guidelines, which can then be a starting point to assess an individual country / market's needs for record keeping, GIS, and mapping solutions.

Workshops

A seminar to discuss and develop the tool and exchange of experience between countries and regions. Interaction between different actors will be strongly encouraged, both during the preparations and by the design of the seminar itself, so that the tools designed will be adequate to assess most markets.

In addition the subject and evolving tool set will be assessed in each annual meeting.

Publications

- FIG Guidelines
- Short article in journal including the basic diagnostic tool

Timetable

- 2006 Phase 1: Discuss basic topic and key aspects to be expanded upon.
- 2007 Phase 2: Investigations and concepts reported at FIG 2007
- 2008 Phase 3: First Draft of Systematic Diagnostic Tool at FIG 2008 Meeting, call for comments
- 2009 Phase 4: Second Draft of Systematic Diagnostic Tool at FIG 2009 Meeting, final comments
- 2010 Phase 5: Final Report and submission of Diagnostic Tool and Guidelines for Diagnoses at FIG Congress 2010

Beneficiaries

All FIG member organizations, UN, other professional international and national organizations, agencies and governments.

WG 9.4 – Organizations of Valuers and Appraisers in Emerging Eastern European Markets

Policy Issues

Changes in Government policies and market conditions affect development of the surveying profession.

Chair

David Smejkal (Czech Republic), e-mail: David.Smejkal@a-consultplus.cz

Specific Projects

Identify the backgrounds and status of development of the profession in such markets and study the valuation methodologies adopted.

Present and discuss the findings at FIG Working Weeks and Congress with information posted on the web-site for reference of members.

Workshops

To be planned for each annual meeting.

Publications

- Technical papers presented in annual meetings.
- Report on results of work group investigations and reports at Congress 2010.

Timetable

- 2007-09: research papers for Technical Sessions.
- 2010: Final Report at FIG Congress.

Beneficiaries

All FIG member organizations, UN, other professional international and national organizations, agencies and governments.

WG 9.5 – Geostatistics in Real Estate Market Analyses and Valuation

Policy Issues

The world is digitalising very fast. Also in valuation and real estate analyses the digital methods are gaining a footing. Spatial data is nowadays mainly digitalised, and automated valuation models (AVM) are used especially in mass appraisals. The valuers and real estate analysts have to adopt the use of digital tools and methods to be able to serve their client even in the future. Otherwise there is a threat to become a bystander or an assistant when other expert groups expand their scope.

The idea for the WG is especially to get discussions about the new developing digital methods in valuation and real estate market analyses in FIG. Participants will get information of new ways to do analyses, get new ideas and test old ones. In addition people will participate much eager when they feel they really can learn something new in the FIG working weeks and conferences.

Chair

Mr. Henning Elmstrøm (Denmark), e-mail: elmstroem@plf.dk

Co-Chair Mr. Steven Nystrom (USA), e-mail nystrom@tampabay.rr.com

Specific Projects

- Identify the effects and possibilities of digitalisation for of the profession in real estate markets.
- Study new ways to make real estate market analyses and valuations.
- Present and discuss the findings and methods at FIG Working Weeks and Congress.

The WG will be a joint WG with Commission 3.

Workshops

Presentations and round table discussions are to be planned for each annual meeting. A possibility for a special seminar will be studied.

Publications

- Technical papers presented in annual meetings.
- Report on results of work group investigations at Congress 2010.

Timetable

- 2007-09: research papers for Technical Sessions.
- 2010: Final Report at FIG Congress.

Beneficiaries

All FIG member organizations, UN, other professional international and national organizations, agencies and governments.

5. Other Activities

5.1 Co-operation with Affiliate organizations

Commission 9 will strengthen the connections with affiliate organisations such as AI (Appraisal Institute), ARES/ERES/IRES (American/European/International Real Estate Society), EPRA (European Public Real Estate Association), IFMA (International Facility Management Association), IFPH, (International Federation of Housing & Planning), INREV (European Association for Investors in Non-listed Real Estate Vehicles), IVSC (International Valuation Standard Committee), RICS (Royal Institute of Chartered Surveyors), TEGoVA (The European Group of Valuers' Associations), ULI (The Urban Land Institute), WAVO (World Association of Valuation Organisations) and other international and/or regional associations in the field of valuation, real estate economics and management, who are related to the activities of Commission 9.

5.2 Co-operation with the United Nations Agencies

Activities of Commission 9 are related to UN-HABITAT, FAO, UN-ECE and other professional involvements of the United Nations. Commission 9 will look into the opportunities of participating and contributing in their events to promote the Commission and to provide appropriate services.

Task Force 9.1 – Enhancing the adaptation of real estate valuation and management (real estate economics) to the university education of surveyors

Policy Issues

Surveyors are traditionally well educated to basics of real estate legislation and markets. In the present world requirements for knowledge in real estate are expanding fast. It is not anymore possible to educate surveyors to all traditional tasks in unified programs but the programs have to have real options where students can really specialise in real estate economics. This is needed in the market (thousands of new jobs) and examples of some countries show that this kind of education is possible and also very attractive for students and markets.

Chair

Prof. Arvo Vitikainen (Finland), e-mail arvo.vitikainen@tkk.fi

Co-Chair Prof. Kauko Viitanen (Finland), e-mail kauko.viitanen@tkk.fi

Specific Projects

- Presentations and discussions in FIG working weeks and conferences
- Write a report on university education in Real Estate Economics
- Co-operation with other educational organisations in real estate, e.g. ERES Education Joint Task Force with Commission 2.

Publications

- Report on university education in Real Estate Economics.
- Final report on FIG 2010 and conference proceedings.

Task Force 9.2 – Organising seminar in valuation at WW in Hong Kong May 2007

Policy Issues

Valuation is in a main role at WW in Hong Kong. The main issue are the needs in Asia and China. Joint seminar with CIREA from China and Hong Kong Appraisal Association

Chair

Mr Stephen M W Yip (Hong Kong, China), e-mail: landelit@netvigator.com

Specific Projects

Identify groups and organizations of valuers/appraisers world-wide and invite them and their members to participate in FIG event and to liaise with Commission 9 officers and delegates. Preparation of the program.

Publications

Conference proceedings.

Commission officers

Chair Prof. Kauko Viitanen

Vice-Chair of Administration Ms. Heidi Falkenbach, email heidi.falkenbach@tkk.fi

Vice-Chair Mr. Henning Elmström

Vice-Chair Mr. Bengt Kjellson
Vice-Chair Mr. Steven Nystrom
Vice-Chair Mr. David Smejkal

Prof. Kauko Viitanen
Chair Elect of Commission 9
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