

FIG Commission 9 – Valuation and the Management of Real Estate Work Plan 2007-2010

1. Title

Valuation and the Management of Real Estate

2. 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.

3. 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.

4. General

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

- 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.

- 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.
- Enhance especially new member associations entry to the work of commission.
- The specific focus areas and tasks of the working groups will be identified more closely below.
- In education co-operation with Commission 2 will be carried on especially in the working group 2.4 Real estate valuation and management (real estate economics) education (joint Working Group).

The scope of the Commission 9 has changed so much that there might be a need to change the name of the Commission to better reflect the increasing role of real estate economics. This issue will be studied during this term and any recommendations for change will be proposed to the General Assembly at the Congress in Sydney in 2010.

In addition to the specific activities above, the Commission will support and contribute to FIG Task Forces and the Standards Network. The Commission will also respond to the FIG Council to address new issues as they emerge.

5. Working Groups

Working Group 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

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Specific Projects

- Identify the legal structures and practices in compulsory purchase and compensation in different countries.
- Will the compensation statutes, valuation methods and manners lead to full and just compensation or are there shortcomings?
- 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 consideration, and on the other hand what are the bad examples that should be avoided?
- Give FIG recommendations for best practises and education in compulsory purchase and compensations in land acquisition and takings.

The Working Group will work in co-operation with Commissions 7, 8 and 9.

The Working Group will work in close co-operation with the United Nations' Food and Agriculture Organization (UN-FAO). In addition there will be active co-operation with many other organisations.

Workshops

A seminar to tap the potential for relevant exchange of experience between countries and regions will be organised in Helsinki, Finland in September 6th to 8th, 2007 together with the Baltic Valuation Conference. 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, 6-8 September 2007
- 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.

Working Group 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 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.

This Working Group is part of the work of FIG Task Force Developing Global Land Tools for Pro Poor Land Management.

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Key Themes

Two key themes have been selected:

- Securing tenure as the key to efficient finance and housing
- Functioning financial markets for housing finance, and especially the link between the two.

The first phase (Nov-early Dec) of the Working Group activities will include:

- Selection of 4-5 core issues under each theme, where thematic studies, crosscheck surveys and policy oriented analysis should be performed.
- Inventories of earlier reports, studies with implication on the matter, for publication at the homepage.
- Selection of persons and organisations that should be invited to the dialogue in Hong-Kong and the Stockholm seminar.

The Working Group 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 World Urban Forum in Vancouver 2006 (WUF3).

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 at the 4th World Urban Forum in Nanjing, China in 2008. In addition the subject will be discussed in each annual meeting.

A dialogue is being planned for the FIG Working Week in Hong Kong May 2007, to present and discuss the main current obstacles and preliminary hypothesis on the way forward.

Publications

- Technical papers presented in annual meetings
- Report on results at 4th World Urban Forum in Nanjing, 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.

Working Group 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

- Identify the legal structures and practices in the valuation profession in different countries / markets.
- Create a tool for diagnostic analyses of the valuation profession in these diverse markets.
- Create a system for recommendation to bring the profession up to the international standards, relative to the needs of the individual country / market.
- 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

Working Group 9.4 – Review of Valuation Methods and Standards Worldwide

Policy issues

- Changes in valuation methods and standards, globalisation.

Chair

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Specific projects

- Identify the used standards in different 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.

The Working Group will contribute to the standard network in Commission 1.

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.

Working Group 9.5 – GIS as a Tool in Real Estate Market Analysis 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 Working Group 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

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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 Working Group will be a joint Working Group 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.

6. Other Activities

6.1 Co-operation with Affiliate organizations

Commission 9 will strengthen the connections with affiliate organisations such as Appraisal Institute (AI), American/European/International Real Estate Society (ARES/ERES/IRES), European Public Real Estate Association (EPRA), International Facility Management Association (IFMA), International Federation of Housing & Planning (IFPH), European Association for Investors in Non-listed Real Estate Vehicles (INREV), International Valuation Standard Committee (IVSC), Lincoln Institute, Royal Institute of Chartered Surveyors (RICS), The European Group of Valuers' Associations (TEGoVA), The Urban Land Institute (ULI), World Association of Valuation Organisations (WAVO) 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.

6.2 Co-operation with the United Nations Agencies

Activities of Commission 9 are related to UN-HABITAT, Land Tenure Service (FAO/SDAA), 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.

6.3 Workshop in China

The China Institute of Real Estate Appraisers and Agents (CIREA) recently joined FIG as a Member Association. CIREA and is especially oriented to the work areas of Commission 9. Therefore, the Commission is planning to organise a special workshop in 2008/2009 in China with a particular focus on Asia.

7. Commission officers

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