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FIG

Appendix to item xx.x

FIG Commission 9
Valuation and the Management of Real Estate

Work Plan 2023–2026

1. Title

Improving transparency in the real estate markets for better planning and tackling the global challenges of a changing world.

2. Terms of Reference

The real estate market, and in particular the market for residential real estate and agricultural land, is of often underestimated in their importance. In Germany, for example, the trade in real estate corresponds to more than 10 % of the gross domestic product. This fact is very rarely noticed.

Real estate is also of outstanding importance in the context of climate change. Here it is particularly important to first assess the building stock of real estate and its quality.

However, this is only the economic and ecological significance. Residential real estate is an essential basis for the quality of life and the families safety in every respect. Acquiring and holding a property is usually a lifelong project with high economic risks for families or investors in general.

Agricultural real estate is not only a significant economic factor; it is also the basis for the supply of the population. They are also the most important source of income of people in rural regions of the world.

The task of FIG Commission 9 will be to work on improving transparency in the real estate markets. Approaches are to be found at the end of the current period:

1. Clear and strong definitions of the term "transparency in the real estate market".
2. Find out what makes transparency on the real estate markets measurable and assessable.
3. Find practical examples of good or bad transparency.
4. Develop approaches for fairer valuations and more comprehensive market observation under the aspect of digitalization.
5. Develop approaches for the evaluation and observation of real estate market transparency.

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3. Mission statement

FIG takes the lead in the discussion on transparency in real estate markets. The vision is that by 2026 this issue will be on top of the agendas of organisations working globally on issues such as valuation, land management and climate change topics and others.

4. General

4.1 FIG´s Agenda

The entire agenda of the FIG in the period 2023 to 2026 has its basis in the idea of the need for sustainable action with the aim of leading the climate agenda to its goal. This includes ensuring that the surveying profession and its close relatives provide their services in a sustainable manner. But it also means that we contribute to creating the conditions that enable politicians, administrators, companies and institutions to make correct and quick decisions. We want to help ensure that climate protection measures, urbanisation, environmental and resource protection and the challenges of technological upheaval and demographic change can be well managed.

As professionals in the land, built and natural environments, we will need to step up to ensure we remain relevant and demonstrate our resolve. This means we will all need to demonstrate:
- Clarity and collaboration – a listening and action approach
- Purpose and reliability – a visible approach
- Action and courage – working together to deliver

This fundamental orientation of the FIG´s Council will also be reflected in the actions of Commission 9 of the FIG.

4.2 Commission 9´s Agenda

4.2.1 Improving Transparency of the Real Estate Markets
The valuation and management of real estate has a completely different meaning today than in the past. The world has become more interconnected, the subject areas are considerably complex. One of the important fundamental pillars of democracy and fair action is transparency in decision-making and action. In the age of inconceivably large amounts of data being created every day, there is a balancing act between the demand for the free use of data, the quality of data analyses and - above all - the independence of the use of the data. At the same time, however, data must not be used for personal monitoring of people or even restrict freedom. This also applies to the real estate market.

In this context, many questions arise:

1. Is transparency only the availability of data or is transparency also the quality of the insights and reports generated from the data?
2. How available are purchase prices of real estate and do they have the quality to infer the value of other properties from the sample of known prices?

3. How important are links from land-registration-systems and prices of land and real estate objects?
4. How available are reports and what are the main evaluation issues in expert reports and opinions?
5. What are good valuations and good reports and are they more theoretical or based on empirical data?

These are the questions we want to address. And we want to create a better link to Geodesy:

1. Why, for example, are real estate price data not also Geodata in the sense of the INSPIRE guidelines and what opportunities would exist if they were?
2. Can a link be made between real estate prices and digital twins in cities and what is the connection to Building Information Modelling?
3. What solutions can valuation and market monitoring contribute to improving the availability of affordable housing, compensation for expropriations or fair taxation?

These questions also have their foundations in the principles of transparency in the real estate market. But there are also two other questions:

1. Where, for example, are the interests in non-transparency?
2. Who benefits from non-transparency and who has disadvantages?

We believe, that transparent real estate markets are an important component and can better address the challenges of today´s society an help for a better managing all the virulent changes all over the world. This explicitly includes the United Nations' SDGs (Sustainable Development Goals).

We first want to pick up three main points:

1. How do we get housing that is appropriate and affordable for people?
2. How do we bring the challenges of climate change into the real estate market and what do we need to know to measure price effects?
3. What indicators are we able to find for verifying the success (or failure) of political action in housing- and land-decisions.

4.2.2 Procedure and collaboration

Within the FIG there is very extensive knowledge and great experience from colleagues around the world. The surveying profession is characterised by practical and scientific knowledge in all matters related to the earth, its vegetation, its cultivation and the life associated with it. Surveying the earth is not just technical surveying, it is also understanding what is going on. That is why it is important to tie the threads of knowledge of colleagues together. The term "improving transparency" is an overarching concept that needs to be filled with life.

We want to achieve our goals by:

- **Dialogs and Discourses** on an international level using today's communication channels. The focus is on the process of opinion-forming, which should culminate in the publication of the FIG´s position.
- **Respectful interaction and cooperation** on the base of the general FIG´s agenda and the special challenges of the tasks of the Commission 9. At the same time, we are aware that the work we all put in, is essentially voluntary.
- **Addressing the objectives** in a way that is oriented towards the matter at hand, without taking into account special economic interests of states, companies or organisations.

4.3 Commission 9´s Agenda on Sustainable Development Goals (SDG) of United Nations

On 25 September 2015, the 17 Sustainable Development Goals (SDGs) were adopted at the United Nations General Assembly in New York. This "2030 Agenda for Sustainable Development" contains 17 goals including an indicator-based monitoring system to measure the quality of implementation of the sustainability goals.[1]

The overall objective of Commission 9's work is to work towards improved transparency in the land markets. Real estate has an outstanding importance of the quality of living and working, the transparency of this market is of particular importance. Corruption, money laundering and white-collar crime are the more difficult the more transparent the market is. Banks reduce the risk of lending their money as the expected performance of real estate can be estimated more securely and current developments can be analysed more quickly. The dangers of a financial crisis diminish when investors can assume that property prices do not develop completely outside of a sensible market context. In addition, governments can use the data to make funding decisions for reducing soaring real estate prices.

SDG 13 (Climate Action) is also part of the transparency intention, because climate neutrality cannot be achieved without climate-neutral and sustainable construction and the related financing instruments (which in turn also include the evaluation of the price effects of climate-neutral buildings). We also have to look for partners for these goals within the valuation- and the land management

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[1] https://sdgs.un.org/2030agenda

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scene. These communities are, especially in the Commission 9 area, most often also geographers, economists or sociologists.

Beside the SDG 13 there are many of the SDG linking to the goal of transparency of real estate markets. In general, it can be said that real estate and land play a role wherever people live, work, learn and spend their leisure time. The more transparent ownership and prices are, the better the SDG can be achieved. The main issues to which the tasks of Commission 9 are closely related are:

SDG 1: No Poverty
SDG 2: No Hunger
SDG 9: Industry, Innovation, Infrastructure
SDG 11: Sustainable Cities and Communities
- 11.1: ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
    - 11.1.1 Proportion of urban population living in slums, informal settlements or inadequate housing.
- 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
    - 11.3.1 Ratio of land consumption rate to population growth rate.
    - 11.3.2 Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically.

SDG 17: Partnerships

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5. Working Groups

Working Group 9.1 - Definition of Transparency on Real Estate Markets

Policy Issues

Foundation for fair and democratic action is the transparency of decisions and the actions of the State and the economy to ensure the security and trust of the people. We are not aware of any appropriate definitions of the term "transparency on the real estate market" that are accompanied by measurable indicators and have found their way into state action. We believe that it is worth getting in touch with the authorities and making suggestions.

The main objective is consistent with the goals of the UN SDGs.

- SDG 1: No Poverty
- SDG 2: No Hunger
- SDG 13: Climate Action
- SDG 17: Partnerships

Chair

Preliminary : Prof. Dr. Bastiaan Reydorn, NL

Specific project(s)

1. Develop a position on the definition of transparency in the real estate market.
2. Development of an indicator system to measure the quality of transparency in the real estate market.
3. Develop a campaign to widely publicise the FIG's view on this issue.

Workshop(s)

Are certainly planned; especially beside on other FIG or similar events, like World-Bank Conferences, FIG ACCO-Meetings, FIG Conferences

Publication(s)

First draft of a title:
"Transparency in the real estate market - a worldwide definition and indicators for its measurement"

Timetable

- 14.02.2023: Kickoff-Meeting online
- Presence Meeting at FIG Working Week in Orlando
- Further timetable will be agreed within the working group and depends on the process of working
- Regular online meetings of the working group and interested external colleges

Beneficiaries

- World Bank (has already indicated an interest)
- Expert associations such as RICS, IVSC etc.

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- Land management authorities and Funding institutions for the creation of affordable housing

Working Group 9.2 - Best practice Cases on Transparent Real estate Markets

Policy Issues
This working group follows on directly from the core topic of Com 9, "Transparency in the real estate market". Here, colleagues are to be brought together in whose countries there are particularly good or particularly bad examples of transparency on the real estate market. The SDGs are just as important as in WG 9.1.

Chair
NN.

Specific project(s)
Will be discussed at FIG- Working Week 2023, and published afterwards.

Workshop(s)
Are certainly planned; especially beside on other FIG or similar events, like World-Bank Conferences, FIG ACCO-Meetings, FIG Conferences

Publication(s)
First draft of a title:
"Transparency in the real estate market - Good examples of transparent real estate markets, their technical and legal foundations and their advantages."

Timetable
- 14.02.2023: Kickoff-Meeting online
- Presence Meeting at FIG Working Week in Orlando
- Further timetable will be agreed within the working group

Beneficiaries
- World Bank (has already indicated an interest)
- Expert associations such as RICS, IVSC etc.
- Land management authorities and Funding institutions for the creation of affordable housing

Working Group 9.3 – Automated Valuation Modeling (AVM) with machine learning and artificial intelligence

Policy Issues
The topic of "artificial intelligence" is gaining special significance based on the large amounts of data being generated daily, also about real estate markets. This working group is intended to bring together

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experts who have already dealt with the topic of "AVM" and gathered experience. In particular, the connection between scientific knowledge and practical experience must be brought together here.

This experience is to be structured and processed in such a way, that it can be used both in concrete real estate valuation and in real estate market monitoring.

The main objective is consistent with the goals of the UN SDGs.

- SDG 1: No Poverty
- SDG 2: No Hunger
- SDG 9: Industry, Innovation, Infrastructure
- SDG 11: Sustainable Cities and Communities
- SDG 13: Climate Action
- SDG 17: Partnerships

Chair
Preliminary: Steven Nystrom, NSPS (USA)

Specific project(s)
Will be discussed at FIG- Working Week 2023, and published afterwards.

Workshop(s)
The workshops and symposia to be held on this topic must aim to bring together colleagues who have scientifically studied AVM, those who have developed appropriate algorithms and those who have already applied this method.

Publication(s)
First draft of a title:
"Automated Valuation Modeling: Basics, prerequisites and advantages of automated valuation as a pillar of transparency on the real estate market"

Timetable
- 14.02.2023: Kickoff-Meeting online
- Presence Meeting at FIG Working Week in Orlando
- Further timetable will be agreed within the working group

Beneficiaries
- World Bank (has already indicated an interest)
- Expert associations such as RICS, IVSC etc.
- Tax authorities and other administrations

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Further Working Group(s) – future Focuses

The FIG Comm. 9 provides that the process of further developing transparency in the real estate market is an agile process. Therefore, if further questions and issues arise in the course of the discussion on this topic, which are not foreseeable at this early stage, further working groups (also temporary) will be set up.

The topics could be e.g.:

- Valuation and the use of Digital Twins/Building Information Models
- Challenges of real estate valuation and real estate market monitoring due to climate change
- Minimum requirements for property market price databases
- Taxonomies for property types and categories for spatial submarkets
- Integration of property price data into the Systematics of Geoinformation
- Further development of the valuation of unregistered land from the last period

6. Co-operation with other Commissions and organisations

The great advantage of the FIG is the broad competence of the experts brought together here in the sector of geodesy, land development and evaluation. For this reason, Com. 9 attaches particular importance to cooperation with other FIG-commissions.

From the current point of view, cooperation with the following commissions seems to be particularly useful:

- Com. 3 "Spatial Information Management"
- Com. 7 "Cadastre and Land Management"
- Com 8 "Spatial Planning and Development"
- Com 10 "Construction, Economics and Management"

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

Commission 9 will continue its existing cooperation with the

- International Valuation Standards Council (IVSC)
- the International Taxation Institute (IPTI)
- the World Bank
- GLTN and UN-Habitat

Which other organisations and institutions are willing to work with the FIG to improve transparency in the real estate markets will emerge from the discussion process within Commission 9 and with the above institutions.

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8. Commission Officers

Commission Chair
Peter Ache
peter.ache@dvw.de or FIGCommission9@fig.net

- Chair of the Commission "Valutation of Real Estate" of the German DVW e. V.
- Editor-in-chief for the real estate market report for Germany of the state expert committees in Germany
- Head of the office of the governmental upper committee of experts for property values in Lower Saxony (Germany)

Vice Chair of Administration
NN.
(To be determined at a meeting of Com. 9 at the FIG- Working Week in May/June 2023 in Orlando)

Chair of Working Group 9.1
Indicative: Bastiaan Reydorn, NL
(To be finalised at one of the next meetings of the Working Group 9.1)

Chair of Working Group 9.2
NN.
(To be finalised at one of the next meetings of the Working Group 9.2)

Chair of Working Group 9.3
Preliminary: Steven Nystrom, NSPS (USA)
(To be finalised at one of the next meetings of the Working Group 9.1)

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