



RETHINKING THE REAL ESTATE MARKETS: SOUND RULES TOWARDS SOCIAL AND ECONOMIC BENEFITS



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An overview of Tecnoborsa work

Mission

With the common consent of all the principle Organizations involved in the sector Tecnoborsa is working to regulate and develop the national real estate market, by creating strategies, plans and innovative instruments needed by the operators in order to provide services with higher value added. Cooperation with international organizations.

List of shareholders as of 31st December 2007

- Unioncamere - Italian Union of Chambers of Commerce
- 22 Chambers of Commerce: Rome, Milan, Ancona, Ascoli Piceno, Bari, Brescia, Brindisi, Como, Cosenza, Macerata, Matera, Novara, Parma, Perugia, Pescara, Pisa, Ravenna, Reggio Calabria, Rieti, Rimini, Terni.
- Borsa Immobiliare di Napoli , Confedilizia, Fiaip (Italian Real Estate Federation) Geo.Val (Italian Association of Surveyors), Region of Lazio, Unioncamere Lazio, Unioncamere Molise, etc.

International Link

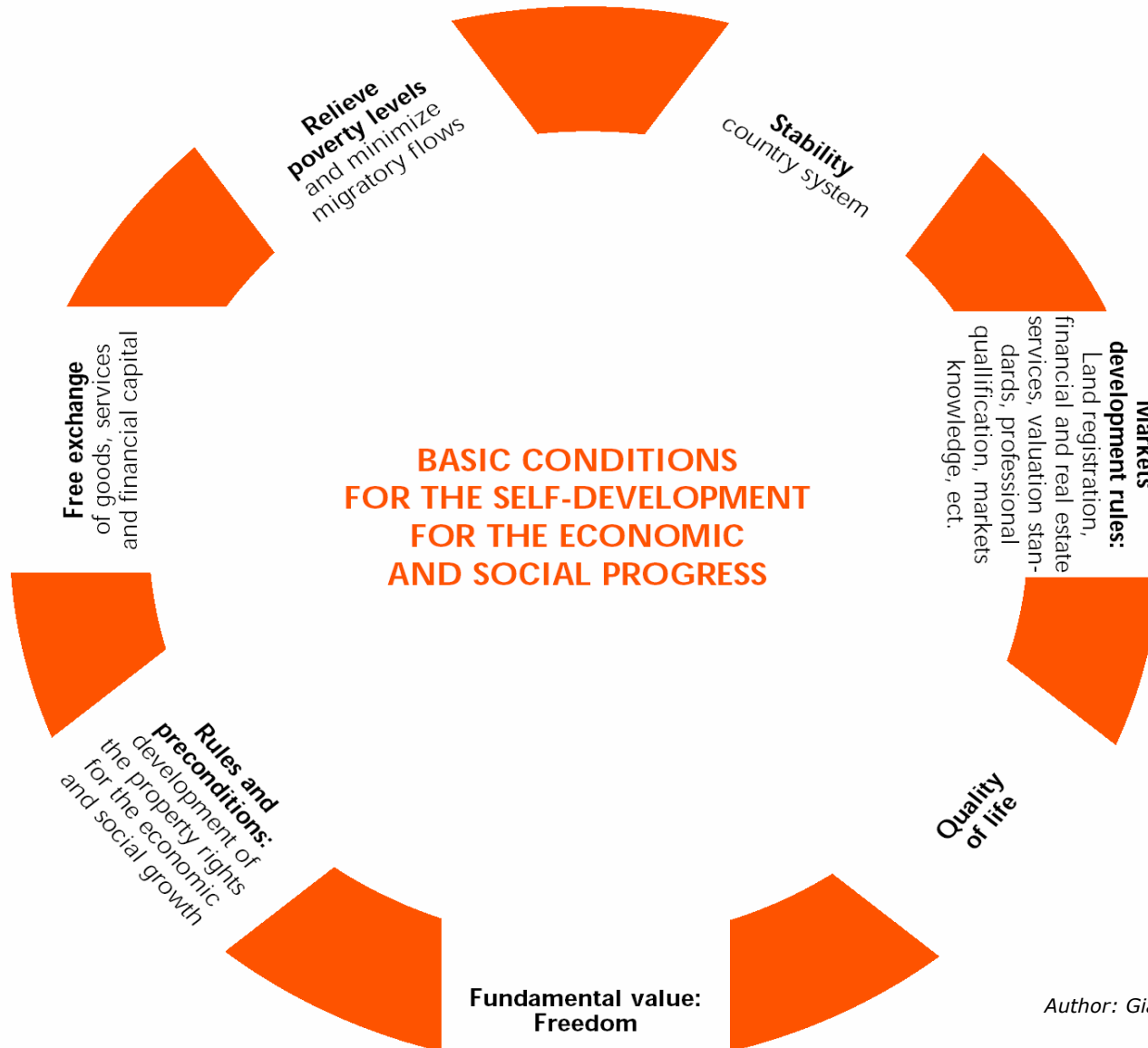
Tecnoborsa also collaborates with the most prestigious international Organisations on projects which encourage the development of the real estate market in the European Union and Transition Economies, thus contributing to the strategic development of the system in Italy in order to fully integrate it with the international economic and financial systems.

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- ABI - Italian Banking Association
 - Agenzia del Territorio - The National Land Registry
 - ASPESI – National Real Estate Developers' Association
 - CENSIS - Centre for Social Investment Studies
 - CONFEDILIZIA - General Confederation for the Building Trade Property
 - National Council of Architects
 - National Council of Engineers
 - National Council of Surveyors
 - National Council of Industrial Experts
 - FIAIP - Italian Federation of Professional Real Estate Agents
 - GEO.VAL Expert Surveyors' Association
 - INU - National Institute for Town Planning
 - ISMEA - Institute of Agricultural and Food Market Services
 - Ministry of Productive Activities
 - Ministry of Economy and Finance - Treasury Department
 - Italian Post Office
 - UNI – Italian Organization for Standardization
 - UNIONCAMERE - Italian Union of the Chambers of Commerce
 - Bocconi University - Newfin
 - Luiss Guido Carli University

Its task is to guide and sustain the regulatory and normative functions of Tecnoborsa.

▶ The REM Group believes that the **development of real estate markets and related jobs, real estate financing (mortgages), management and administration of the territory**, in other words of the sector we identify as “**real estate economy**”, can decisively contribute to the development of countries and that this sector can produce effective **Social and Economic Benefits**.

▶ If we look at the present situation in United States and Europe – caused by real estate finance and sub-prime mortgages – we realize there is a need for specific measures, knowledge of market dynamics, risk evaluation and measurement, rating systems to protect citizen’s investments and savings.



Let's begin by analyzing, on the following diagram, the areas involved in Real Estate market. The purpose of this graphic is to synthetically represent the ***“Basic conditions for the Self-development of economic and social progress”***

The graphical illustration of some of the main cause-effect relationships can help provide a useful overview.

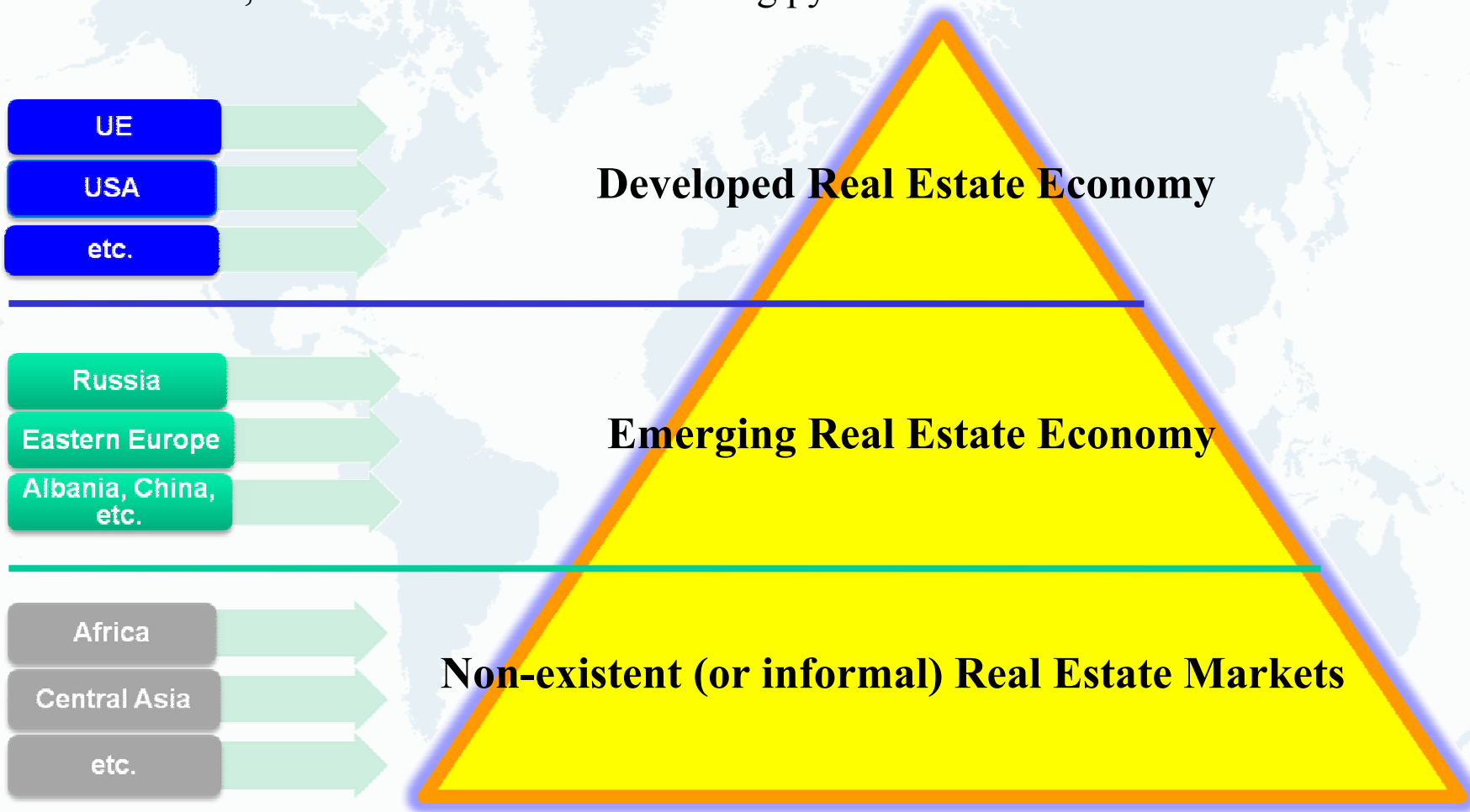
The postulates a sharing of ethical principles and the existence of a series of fundamental values, among which «Freedom».

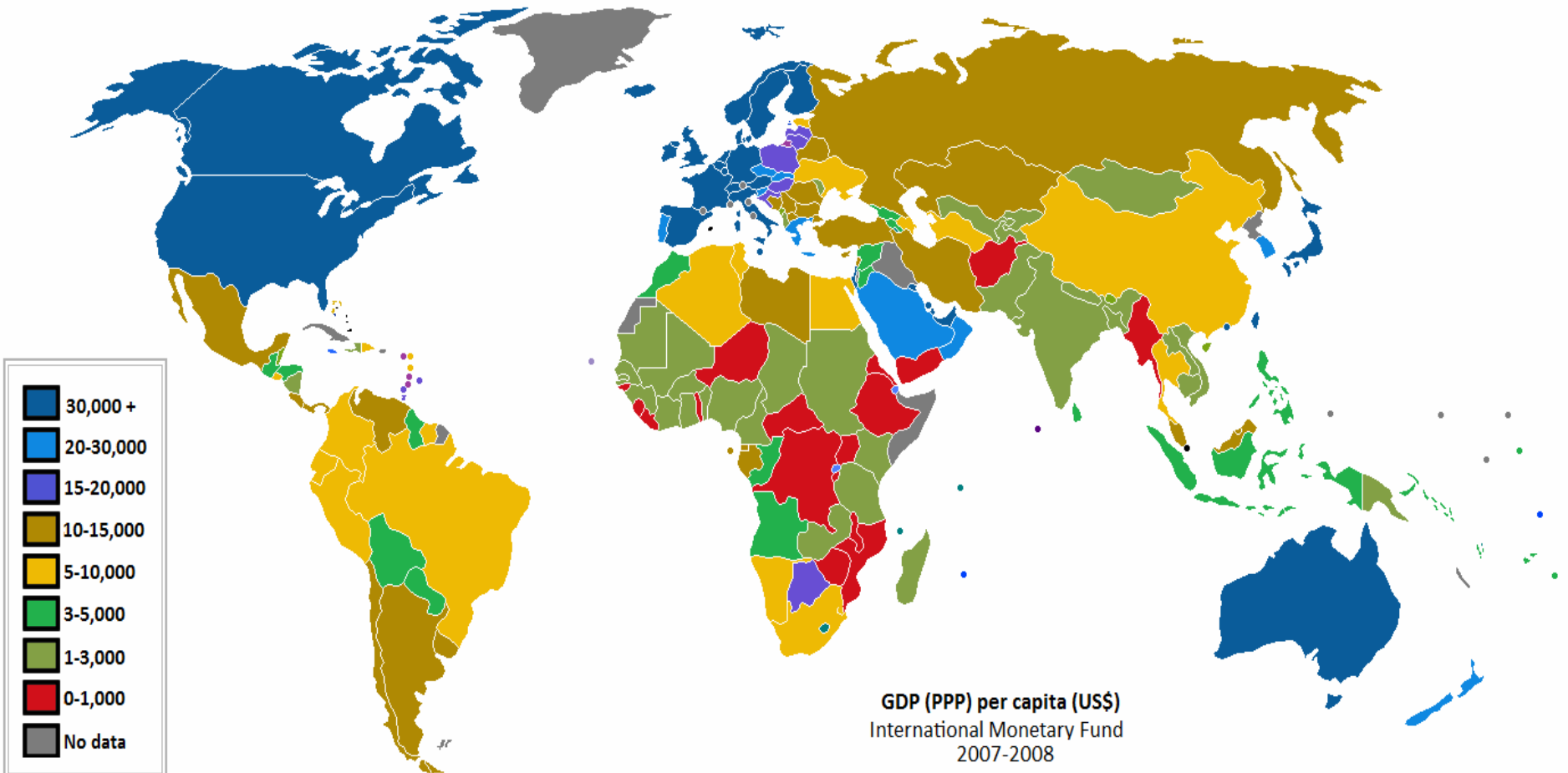
It is extremely important to have adequate “**Rules and Preconditions**” which can support the development of property rights which would assist economic and social growth.

Other central factors are constituted by: opportunities to *«trade goods, services and financial capitals freely»*; *«stability of the country as a whole»* at political-institutional and economic level; *«rules favourable to the development of the markets»*, such as cadastral registration systems, real-estate services and developed financial services which facilitate access to property lending and in particular to housing loans, standard evaluation criteria, professional qualifications, transparency of the markets which is essential in understanding market dynamics and trends.

All the above could assist in “mitigating poverty levels and, consequently, considerably reducing the migration flows” towards countries which offer a better *«Quality of life»*.

These figures clearly show that there are three levels of market with different characteristics, as illustrated with the following pyramid:





World map of countries by GDP (PPP) per capita from IMF statistics - 2007 estimates

In the following slides, we can see the analytical figures

Position	Country	PIL pro-capite in \$
1	Luxembourg	69,800
2	Norway	42,364
3	United States	41,399
4	Ireland	40,610
5	Iceland	35,586
6	Denmark	34,737
7	Canada	34,273
8	Austria	33,615
9	Hong Kong	33,411
10	Switzerland	32,571
11	Qatar	31,397
12	Belgium	31,244
13	Finland	31,208
14	Australia	30,897
15	Netherlands	30,862

Countries by GDP (PPP) per capita from IMF statistics

16	Japan	30,615
17	Germany	30,579
18	United Kingdom	30,470
19	Sweden	29,898
20	France	29,316
21	Italy	28,760
22	Singapore	28,100
23	United Arab Emirates	27,957
24	Republic of China (Taiwan)	27,572
25	Spain	26,320
26	Brunei	24,826
27	New Zealand	24,769
28	Israel	23,416
29	<i>Netherlands Antilles, Netherlands</i>	22,750
30	Greece	22,392

Countries by GDP (PPP) per capita from IMF statistics

31	Slovenia	21,911
32	Cyprus	21,232
33	South Korea	20,590
34	The Bahamas	20,076
35	Bahrain	19,799
36	Malta	19,739
37	Portugal	19,335
38	Czech Republic	18,375
39	Barbados	17,610
40	Hungary	17,405
41	Oman	16,862
42	Equatorial Guinea	16,507
43	Estonia	16,414
44	Kuwait	16,301
45	Slovakia	16,041

Countries by GDP (PPP) per capita from IMF statistics

46	Saudi Arabia	15,229
47	Saint Kitts and Nevis	14,649
48	Trinidad and Tobago	14,258
49	Lithuania	14,158
50	Argentina	14,109
51	Poland	12,994
52	Mauritius	12,966
53	Latvia	12,622
54	South Africa	12,160
55	Croatia	12,158
56	Chile	11,937
57	Seychelles	11,818
58	Libya	11,630
59	Antigua and Barbuda	11,523
60	Botswana	11,410
61	Malaysia	11,201

Countries by GDP (PPP) per capita from IMF statistics

62	Russia	11,041
63	Costa Rica	10,434
64	Mexico	10,186
65	Uruguay	10,028
66	Bulgaria	9,223
67	Romania	8,785
68	Brazil	8,584
69	Thailand	8,319
70	Kazakhstan	8,318
71	Tunisia	8,255
72	Grenada	8,198
73	Turkmenistan	8,098
74	Iran	7,980
75	Turkey	7,950
76	Tonga	7,935

Countries by GDP (PPP) per capita from IMF statistics

77	Belize	7,832
78	Belarus	7,711
79	Maldives	7,675
80	Republic of Macedonia	7,645
81	Colombia	7,565
82	Saint Vincent and the Grenadines	7,493
83	Panama	7,283
84	People's Republic of China	7,204
85	Dominican Republic	7,203
86	Algeria	7,189
87	Ukraine	7,156
88	Namibia	7,101
89	Gabon	7,055
90	Lebanon	6,681
91	Domenica	6,520

Countries by GDP (PPP) per capita from IMF statistics

92	Cape Verde	6,418
93	Fiji	6,375
94	Samoa	6,344
95	Venezuela	6,186
96	Bosnia and Herzegovina	6,035
97	Peru	5,983
98	Saint Lucia	5,950
99	Suriname	5,683
100	Serbia and Montenegro	5,348
101	Swaziland	5,245
102	Philippines	4,923
103	Jordan	4,825
104	Albania	4,764
105	Guyana	4,612
106	Azerbaijan	4,601
107	Paraguay	4,555

Countries by GDP (PPP) per capita from IMF statistics

108	El Salvador	4,511
109	Morocco	4,503
110	Indonesia	4,458
111	Sri Lanka	4,384
112	Egypt	4,317
113	Ecuador	4,316
114	Jamaica	4,293
115	Armenia	4,270
116	Guatemala	4,155
117	Bhutan	3,921
118	Syria	3,847
119	Nicaragua	3,636
120	Georgia	3,616
121	Vanuatu	3,346
122	India	3,344
123	Vietnam	3,025

Countries by GDP (PPP) per capita from IMF statistics

124	Honduras	3,009
125	Bolivia	2,817
126	Angola	2,813
127	Ghana	2,643
128	Pakistan	2,628
129	Zimbabwe	2,607
130	Cameroon	2,421
131	Papua New Guinea	2,418
132	Mauritania	2,402
133	Cambodia	2,399
134	Sudan	2,396
135	Moldova	2,374
136	Kiribati	2,358
137	Mongolia	2,175
138	Laos	2,124
139	Lesotho	2,113

Countries by GDP (PPP) per capita from IMF statistics

140	Kyrgyzstan	2,088
141	Djibouti	2,070
142	Guinea	2,035
143	Bangladesh	2,011
144	The Gambia	2,002
145	Uzbekistan	1,920
146	Solomon Islands	1,894
147	Comoros	1,877
148	Haiti	1,783
149	Senegal	1,759
150	Myanmar	1,691
151	Tog	1,675
152	Nepal	1,675
153	Uganda	1,617
154	São Tomé and Príncipe	1,547

Countries by GDP (PPP) per capita from IMF statistics

155	Chad	1,519
156	Kenya	1,445
157	Côte d'Ivoire	1,441
158	Mozambique	1,389
159	Tajikistan	1,388
160	Randa	1,380
161	Republic of the Congo	1,369
162	Afghanistan	1,310
163	Burkina Faso	1,284
164	Nigeria	1,188
165	Benin	1,176
166	Mali	1,154
167	Central African Republic	1,128
168	Zambia	931
169	Madagascar	905

Countries by GDP (PPP) per capita from IMF statistics

170	Sierra Leone	903
171	Niger	872
172	Eritrea	858
173	Ethiopia	823
174	Democratic Republic of the Congo	774
175	Yemen	751
176	Burundi	739
177	Guinea-Bissau	736
178	Tanzania	723
179	Malawi	596
<p>Source: International Monetary Found (IMF) <i>World Economic Outlook Database, April 2006</i></p>		

These different situations call for studies and instruments which take into account the differences between countries.

They call for the identification of instruments, reforms, common solutions: define a *framework*, implement international standards and supra national regulations such as the one, for example, of the Basel 2, and more.

But also for the development of different Guidelines according to the three main levels of economic development.

With the awareness that the guidelines can constitute a reference framework but not an automatic solution to all problems. Every country has its own character, different legal systems, economic, social and cultural characteristics.

This means that, from time to time, solutions can be developed according to the needs of the country.

Let's take into consideration for example the land registry system.

The problems faced by many countries which in the last 10/15 years have introduced in their legal system the recognition of private property rights are very different from those of most Western countries.

China for example has recently recognized in its constitution the principle of private property and in 2007 it adopted a norm for regulating and protecting private property rights. Or, regarding the UNECE region, I could bring forth many other examples.

I will just point out that the organization of a land registry is basically composed of four phases:

- **FORMATION** – This phase is of fundamental importance. It is articulated in two phases: a) **verification, survey and measurement** of the property to create the cadastral maps; b) **value assessment** (cadastral estimates)
- **PUBLICATION** – Publication of the acts drafted in the formation phase for the purpose of diffusing the figures and allowing possible appeals;
- **ACTIVATION** – The activation (or updating) of the published data following modifications made after the publishing phase;
- **PRESERVATION** – The preservation based on the maintenance of the data register in the land registry and on its updating. The land registries of developed countries are in phase of preservation.

The economies of Western Europe, USA and Canada are with no doubt in the fourth phase: the one of preservation.

Many Eastern European and Central Asian countries are either in the creation phase or have not yet started.

Now let's identify the main Guideline (REM Advisory Checklist) development areas.

**Which macro areas will we analyse and develop?
And which will be the programme phases?**

With reference to the **REM PoW** and the **UNECE Strategy for sustainable quality of life in human settlements in the twenty-first century**.

The UNECE Strategy identifies five goals for promoting sustainable quality of life. These goals also provide a basis for identifying the overarching goals for spatial planning. (*UNECE, 2000*).

Identification of the essential pre-conditions:

- **Connection between Economic growth and Professional training and Culture;**
- **Connection between Economic development and Common well;**
- **Recognition of the protection of Property Rights, and**
- **To promote a system of meaningful and democratic governance that respond to the needs of local communities;**
- **To improve urban environmental performance;**
- **To facilitate social cohesion and security;**
- **To promote market reform in the housing and urban sector;**
- **To improve land and real estate market and securing private rights in land:**
- **Credibility and Trust. Etc.**

The application of the following principles should be based on widely accepted key concepts:

- 1. Sustainable development:** as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs”;(*)
- 2. Good governance:** which should prevent decision-making based on self-interest and favor decision-making to the benefit of common good;
- 3. Transparency:** the degree of clarity and openness through with which decisions are taken;
- 4. Accountability:** the extent to which political actors are responsible to society for their actions;
- 5. Fairness:** the degree to which rules are equally applied to everybody;
- 6. Efficiency:** the extent to which limited human and financial resources are applied without waste, delay or corruption or without compromising the well-being of future generations.

(*) *United Nations, 1987. "Report of the World Commission on Environment and Development." General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2007-04-12*

Principle 1.

An integrated national legal system should be established and harmonized with regional and international regulations, and technical reference frameworks for the supervision and application of the regulations should be created, in order to promote the proper functioning of the real-estate market.

Principle 2.

Real-estate transaction risks should be reduced by identifying and protecting property rights through the establishment of an efficient system for the registration, cataloguing, classification and updating of real property data, based on modern land-registry and cadastre records.

Principle 3.

An efficient and transparent real-estate market also depends on the harmonization of legal and voluntary regulations with international standards, ethical rules and best practices.

Principle 4.

A well-developed real-estate economy contributes to the conversion of unused or underused resources into productive capital to reduce poverty.

Principle 5.

Governments are responsible for developing integrated framework policies that initiate and guide decision making processes by setting the conditions for the operation of effective coordination amongst sectors, the identification of bottlenecks, and action in housing and land management at both a regional and local levels in order to encourage a healthier real estate market.

Principle 6.

Access to credit and mortgages as well as microfinance for low income earners are essential elements of a healthy real estate market.

Principle 7.

Advanced real estate financial products, similar to those developed for securitization, should be redefined, as these have significantly contributed to the current global financial crisis.

Principle 8.

Property appraisal criteria based on commonly shared valuation standards should be applied, as reliable real-estate appraisal is essential to purchasing and selling transactions, the access to loans and the definition of equitable tax policies.

Principle 9.

Social housing should be considered as an integral and complementary part of the real-estate market and a means to promote economic growth, urban development, reduction in housing pressure and informal settlements.

Principle 10.

To guarantee an efficient real estate market characterized by high quality of professional services and building products, investment should be made in training, qualification, upgrading and continuous professional skill development for all those subjects who, in the various functions, are involved in the supply chain.

Global vision for local action



Confidence in the combination of man's moral and spiritual resources, so that with the use of modern scientific and technological resources he may imagine and put into practice

new solutions to old problems

in every field, **including the economic and social sector.**



Thank you for the attention

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