

# UNECE REAL ESTATE MARKET ADVISORY GROUP (REM)

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REMARKS TO FORUM ORGANIZED BY THE UNECE WPLA REM  
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Excellencies,  
Distinguished representatives of Public and Private Sector,  
Ladies and Gentlemen,

It is for me a great honour to welcome you in this meeting.

Let me start by thanking the President of the Italian Republic for his address to the Forum and all the others Italian Institutions for the Patronage; a heartfelt thanks to all those who have contributed to this initiative and especially to the UNECE Secretariat, Tecnoborsa and the Chamber of Commerce of Rome for their decisive support.

REM launched the Guidelines project during the UNECE REM Seminar organized on *The real estate and financial crisis: Causes, effects and impacts on development* on 16 December 2008 at the United Nations in New York – with the *Opening remarks* by Mrs. Asha-Rose Migiro, United Nations Deputy Secretary-General.

There are some fundamental «*public goods*» which, at the same time, are also «*individual goods*» and vice versa, and these include: peace, security, collective liberties. We must include among the *public goods*, which at the same time are *individual goods*, also: justice, economic development, protection of the environment, social solidarity, and even honouring contracts and price stability (which implies preserving the global trade system, which is essential if we wish the market price mechanism to work).

Practical solutions at regional or local level could then be implemented as needed with direct or indirect support from the appropriate international organisations, based on the best professional, technological, scientific, economic and financial resources which could come into play globally.

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. This sector can produce effective Social and Economic Benefits.

The World Bank estimated that real estate markets can contribute up to 25% of GDP in a developed country, and that the share of global capital stock represented by real estate is about two thirds.

New approaches will be needed in order to reach the UN Millennium Development Goals on poverty reduction in many countries across the world.

It could indeed drive a recovery towards more sustainable economic systems and stronger production and consumption patterns especially in emerging markets.

Without any ownership and value there are no real securities and mortgages. Rules in real estate market are essential to estimate the property value and for the social and economic development.

On the other hand, the financial crisis has become a focal point in the relationship between Real Estate and the financial world. The lack of transparency in the evaluation of the value and the risk connected to Real Estate properties, especially when these were used to back financial products, appears to be one of the causes of the crisis, as well as the absence of a global, common regulation in a global financial market, not only on financial institutions and their financial products, but also on the warranties backing these products, often RE properties.

In consequence of the international financial crisis, the needs for those economic and social benefits that a fully functioning and well regulated real estate market can bring to a country are most important.

In order to try to mitigate both the crisis and its effects, as the crisis is severe, the Real Estate part in the assets of financial institutions, or used to back financial products, must take the family assets into account.

However, as you may have realised, most of the Principles contained in the Guidelines (or REM Advisory Checklist) are connected with the financial crisis only indirectly and have a value notwithstanding the present situation.

During the G-20 Financial Summit the UN Secretary-General stressed how “*the crisis needed immediate and long-term measures to keep it from evolving into a much broader human crisis.*” He said that “*This crisis has shown us the need to address the systemic risks urgently, and to put in place adequate oversight, regulations and other measures.*”

The United Nations and – in the Region – UNECE can play an important strategic role for the preparation of a reference framework (in the same way as the Guidelines) and the applying of solutions.

Finally, let me thank all those who have submitted their remarks on the first draft of the Guidelines (which I have worked out): REM members, UNECE Secretariat, WPLA Chair and the Scientific Committee of Tecnoborsa.

In these two days – and that’s why we are here – other remarks and amendments may be proposed by all of you, in view of the preparation of a final text which will hopefully be taken into consideration at the next session of the Working Party on Land Administration (WPLA).

The purpose of the Guidelines is to contribute to the «*Common well*» generating solutions, policies and new ideas for:

- a) the definition of new solutions that may overcome the critical situations due to the current financial crisis worldwide;
- b) the identification of a set of possible strategic solutions on the Environment, Housing and Land Management, which may be the starting point for a future identification of working solutions at a local level that may be harmonised with the set of laws and economic development of the individual countries.

Ladies and Gentlemen,

It is my opinion that an appropriate legal framework, pre-conditions for sustainable development in each Country, and modern Real Estate Economy, can help mitigate poverty levels and, consequently, can bring about a considerable reduction in the migration flows towards countries which offer a better «*Quality of life*».

Thank you.