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Washington - 1st May 2013

World organisations unite to improve investor confidence in real estate

Global coalition to tackle real estate market uncertainty

From 1 to 2 May, the Council of European Geodetic Surveyors (CLGE) takes part in the first meeting of a global coalition willing to create a universal method of measuring property assets. This method would tackle the problem of low investor confidence in property, its negative impact on financial markets, and ultimately global economic instability.

At present, the way property assets are measured varies wildly from country to country. Even within a same country there are many differing approaches. With so many different methods of measurement available, it makes it difficult for those looking to invest in these developments to compare like with like. This confusion can affect property values, lead to errors in financial reporting and, consequentially, undermine market confidence and economic stability.

Moreover a lot of policies are explicitly or implicitly based on the definition and or comparison of the area of built surfaces. For the coherence and effectiveness of these policies it is of utmost importance to dispose of a common standard, at least regionally but why not worldwide.

Surveyors play a crucial role in the way how property is measured. Their cadastral surveys of land and built property provide security to titles and thus underlie the economic base of modern societies.

Jean-Yves Pirlot, CLGE President:

"The basis of the international metric system was laid during the French revolution, in 1792! Nobody understands why distances can be measured in a harmonized way, while surfaces measured in buildings still produce differences up to 30%, depending on which method is used. 222 years after the definition of the meter, it is more than time to square this unit".

Frederic Mortier, Expert of the Working Group on Buildings for the European Commission

"A building measured in Brussels totalizing about 1300 m² will lose 300 m², by passing the channel. A surveyor applying the British measurement method will get a surface of 1000m², and this has nothing to do with the conversion from yards to meters of course. The European Inspire Directive has taken these differences into account. This forms a solid foundation for an international standard"



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Ken Creighton, RICS Director of Professional Standards (As a UK Based Worldwide Organisation, RICS is represented in CLGE):

"This is a groundbreaking initiative which has the potential to deliver huge benefits, both to real estate markets and to the economies and the populations they support around the world, by creating a level playing field for the way property is measured, valued and ultimately reported in financial statements."

On 1st and 2nd May, this coalition meets at the World Bank, Washington DC, to address this issue through the proposed implementation of a universal standard of property measurement. Such a standard would ensure global consistency, leading to fewer instances of fraud, a more transparent market, greater public trust and increased economic stability. It would also ensure more coherent policies in sectors other than property and valuation.

With euREAL (the European Real Estate Area Label – www.euREALeu) CLGE has a relevant experience in this domain. The measurement code on which euREAL is based was indeed accepted by the European Commission and is part of European Law (INSPIRE Directive – Annex III Buildings).

Hence, RICS, which has convened this initial meeting of the International Property Measurement Standards Coalition, has very logically invited CLGE to take part in these project.

This meeting is the first step to delivering this consistency which will provide:

- greater global financial stability
- more accurate and consistent financial reporting
- stronger investor confidence
- greater transparency of data
- reduced risk of fraud
- more coherent policies

An example of current inconsistency is the way in which floor space is calculated. For example, in Spain, floor areas have been measured to include outdoor swimming pools; in parts of the Middle East they can include the hypothetical maximum number of floors that could be built on the existing foundations; and in Australia, measurements have included outdoor parking spaces, even when they are not physically adjoined to the property itself.

The IPMSC aim is to resolve disparities by developing and implementing International Property Measurement Standards, a set of standards for measurement that are principles based and internationally applicable, to be adopted by all nations across the globe.



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The organisations involved in the IPMS other than CLGE are:

- Appraisal Foundation** – North America
- Appraisal Institute** – North America
- Asia Pacific Real Estate Association (APREA)** – Asia
- Associação Brasileira de Normas Técnicas (ABNT)** – Brazil
- ASTM International** – Global
- Australian Property Institute** – Australia
- Building Owners and Managers Association International (BOMA)** – Global
- China Institute of Real Estate Appraisers and Agents (CIREA)** – China
- CREDI** – India
- Commonwealth Association of Surveying and Land Economy** – Commonwealth nations
- CoreNet** – Global
- Counsellors of Real Estate (CRE)** – North America
- FIABCI** – Global
- Global FM** – Global
- International Consortium of Real Estate Associations (ICREA)** – Global
- International Facility Managers Association (IFMA)** – Global
- International Federation of Surveyors (FIG)** – Global
- International Monetary Fund (IMF)** – Global
- International Valuation Standards Council (IVSC)** – Global
- Royal Institution of Chartered Surveyors (RICS)** – Global

About CLGE

The Council of European Geodetic Surveyors (CLGE) is the leading Surveying association in Europe. It promotes the profession in the European Union and fosters its development in the surrounding Council of Europe countries.

Surveying includes Cadastral Surveying which provides security to land and property title and thus underlies the economic base of modern societies.

Moreover, Geospatial Information is now ubiquitous in our lives and the Surveyor plays a fundamental role in this field. Both segments are strongly related since the cadaster is the ideal fundament for national Geo Data Infrastructures.

The individual Surveyors spread over 36 member states are the final and most important beneficiaries of CLGE's activities. However, the Council also pursues more general aims such as the sustainable development of the European society and hence the public and individual interests of the European Citizens.



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