



## UNECE forum discusses principles for sound real estate markets

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As the global economic crisis unravels, awareness has been increasing among government authorities in the UNECE region of the need for enhanced transparency in the regulation of financial institutions, especially regarding the issuing and circulation of complex financial instruments. Experience has shown that an excess of liquidity is prone to create opportunities for speculative investment and increased price volatility in the stock markets, which eventually also impact the real economy.



Speculative behaviour has important consequences in sectors such as real estate, which in most countries

constitutes the primary destination for a household's lifetime savings. Yet while analysts have widely acknowledged that unsustainable lending practices are at the root of our region's economic problems, the role real estate markets have played is far from clear and institutional reforms to increase stability remain a point of contention. For example, the need for adequate real estate valuation regulations is complicated by the fact that no common standards for risk assessment methods currently exist that could be adopted across borders.

A recent UNECE Forum (Rome, June 3-4 2009) organized by the Real Estate Market Advisory Group in cooperation with Tecnoborsa (an Italian organization for real estate market development) discussed a checklist of principles that could contribute to a better understanding of the variables affecting the stability of real estate markets and provide the basis for more sustainable institutions in the future. National authorities, experts from the private sector and academics actively participated in the forum, which will provide recommendations to the upcoming sixth session of the UNECE Working Party on Land Administration (Geneva, 18-19 June 2009).

Participants concluded that whereas national experiences in the UNECE region differ in a variety of aspects (e.g. the availability of rental housing markets, the role of notaries, and the role of public and private actors in providing social housing), there is still room for consensus on a variety of issues. These include adequate standards to appraise property value and evaluate investment risk, increased transparency in access to information on real estate assets, and the need to adapt the guidelines specific to the current stage of economic development of individual countries. The Working Party is expected to further discuss the principles and the forum's findings and to decide on further steps to address challenges related to real estate markets during the June session. For further information, please contact:

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