

Coalition to Create Global Way of Measuring Property Assets



From 1 to 2 May 2013, 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. The meeting takes place at the World Bank, Washington DC.

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.

Experts

Jean-Yves Pirlot, CLGE president, said the basis of the international metric system was laid during the French revolution, in 1792! Nobody understands why distances can be measured in a harmonised 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, explained a building measured in Brussels totaling about 1300 square metres will lose 300 square metres, by passing the channel. A surveyor applying the British measurement method will get a surface of 1000 square metres, 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.

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

Consistency

On 1 and 2 May, the coalition will 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.euREAL.eu) 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.

<https://www.gim-international.com/content/news/coalition-to-create-global-way-of-measuring-property-assets>
