



Comparative analysis of real estate property appraisal and property transactions in FYROM, Republic of Serbia, Republic of Montenegro and Bosnia and Hercegovina

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Abstract

Historically, political past of all four countries (FYROM, Republic of Serbia, Republic of Montenegro and Bosnia and Hercegovina) as part of the Yugoslav Federation has created common legal and technical norms in the definition and administration of real estate. Real estate transactions in the federal system, and characteristics which are related to a predominantly planned economy and limited market effects, have been subordinated according to the registration rules through which each spatial entity acquires status of real estate property and rights upon the property. In that political status of the federation, valuation and cofactors implications on real estate value have not been considered as a crucial up to the moment of privatization of state capital. The period, known as transition, when the republics gained the independent status with separate political systems and specificities, each country independently has developed its system for property valuation further with its own characteristics, those system will be compared in this research. In order to establish a unique and recognizable approach in comparative analyses and to reduce the risks of targeted dependence on the factors on which the analyzes are based, analysis will be conducted on the bases of influential stakeholders in real estate market activities, the development periods with characteristics in accordance with the property market ambient in each country and the legal framework through which the legal-technical-technological-management guidelines in the administration of the real estate are regulated.

In the newly established circumstances, the approaches to determining the value of real estate in each of the states whose statuses are compared have their own characteristics based on nationally established standards and their application, professional organizations through which they exercise and control the activities as well as the legal aspects for qualifying and licensing companies and individuals as legitimate enforcement agents in supporting the processes for property appraisal. Data acquisition will be conducted through a survey in each country, the relevant statuses will be provided and systems similarities and contrasts in any aspect at each of the indicated comparison sites will be established.

1. Purpose of the analysis

Market connections of real estate are based on current legal and economic characteristics on which legitimate and authoritative actions / transactions are provided. Real estate as parcels, buildings, parts of the buildings and infrastructure objects, is object with defined spatial boundaries where qualitative, quantitative and other properties and property rights are related to. In conformity with the normative acts, the real estate with the open concept in the administration, and in order to provide legitimacy on each transaction or other type of other types of real estate related actions, are resolved through institutional concepts. In order to provide relevant statuses for the institutional-transactional concepts of real estate in the paper an attempt has been made to compare these relations in FYROM, Serbia, Bosnia and Herzegovina and Montenegro.

The purpose of this research is to establish the significance and status of the processes in the real estate administration as a part of the market preconditions. The idea to take this approach have been stimulated by the common history of the period when all states were together in one state and the processes related with real estate after their independence was gained. It is a legacy of the common state's legal-economic system or the redefinition of fundamental principles and / or their relative modification. In order to detect the main locations through which these ideas will be properly understood the land transaction and its institutional flow in all countries are guided by the importance / contribution of the title and the value of the real estate. These are basic principles through which each action over real estate acquires legitimacy and through market relations can be recognized and verified as the ultimate action of each transaction.

It is understandable that any real estate transaction is based on the legal status and value, which confirms the effects as a relation of the interests of the participants as two entities in those processes. Basically, under the transaction in all countries, the analysis implies legally funded actions based on the participants relations, resulting in a change in title based on the purchase / gift / exchange / inheritance / compensation. The transaction in all countries are recognized as formalized rights providing legitimate / authoritative status for continuous actions of the new title on the real estate market and other actions arising which arise from the legal framework for real estate administration, on its own and undiminished will of each title.

The implementation of transactions are not isolated processes in the countries that have been analyzed, but they also have wide social activities that arise from the tax policies of the countries on the basis of sales tax, in relation to the sale / gift, property tax on the basis of real estate management. It is these relations that are the initiatives on which the value is connected as an opening element in the complete closing of transactional relations, and any interesting zone arising as a legal framework for monitoring / supporting the integral processes in the protection and legitimacy of the interests of each participant.

2. Goals and questions in the analysis

The purpose of the research is to make an attempt for affirmation of the cadaster systems as legitimate locations in which the legal and registration statuses of real estate are acquired, which in turn represent the basic factors for authoritative actions on the real estate market. It is about discovering the actions related to the legal system of the cadastral system in each country, the real estate as a constructive object from the legal-technical-technological aspect and the readiness to be used in the process of market valuation. With the intent to establish relations of the objectives of the survey a surveyed location questionnaire is made:

A: Legal Status of real estate - Acquisition / Protection

B: General Indicators for real estate property appraisal at national Level - Licenses / Authorizations

C: Legal and Technological Condition for Supporting real estate appraisal at the national level - Standards / Approaches for Valuation

D: Organization of appraisal companies and their competence - institutional / legal framework

E: Uses the value of immovables - through specific constructions for the real estate

3. Objects of research

Certainly, as the basic object upon which the research is based, is the real estate, but the relations that the research affirms to the real estate are related to the legal legitimacy and the value of the real estate as two priorities in realizing the interests of the entities.

The legal legitimacy realized through the legal framework of the countries is the factor that essentially transforms every spatial object into real estate. This important requirement for dimensioning of buildings as a basic prerequisite for creating the real estate is an object of research. The fact is that the countries come from a common state in which the legal framework for establishing and acquiring legal relations and real estate bases has had an impact on the current norms of the cadastral systems in the independent states, today. In the common state, there was a coordinated but autonomous defined principle in each of the constituent republics. The research set out the goal to determine locally the current statuses in the countries on the basis of this issue. In that way, the global concept of research through which the status of the systems can be monitored is located in the relation real estate-transaction. This is a relation through which the activities on the real estate are affirmed, the formation-subdivision-merging as a series of continuous processes and procedures that have their own legal-technical character, and the transaction through which the interests of the gift-inheritance-change after the purchase-compensation - Execution. Given the fact that the transaction takes place in market conditions, the value of the object / real estate is the influential component on which legal actions are provided with an external relation to tax systems in the states displayed at picture 1.

Real property processes					
Property formation			Property transaction		
Partition	Amalgamation	Re-allotment	Gift	Inheritance	Exchange

Picture 1

4. Definitions and constraints

With purpose to avoid misunderstandings about the semantic characters, the definitions for cadastre-real estate-value-transaction have been estimated.

Throughout the legal framework, the concept of a cadastre or a cadastral system in the countries of the survey is recognized as a public record for the registration of rights. This semantic structure is not in line with the operational service structures on which registration of rights and real estate as spatial objects is organized in all countries. It is evident that in each country, technology is organized on a system level with WEB-oriented services and open information resources as conceptual designs for easy modular upgrades and unified implementations of standards from input-output infrastructures. These concepts on national public books have the physiognomy of highly operational information systems and outside the legal framework, the public book has practically transformed operationally and technologically into a cadastral system. In Macedonia, Serbia and Montenegro, cadastral structures are based on an integral concept for spatial and attribute real estate data, and in Bosnia and Herzegovina there are two systematic levels of cadastre and land register. The systematic level of the cadastre organizes the spatial constructions for the real estate, while the land register organizes the real estate rights.

Real estate in the countries' systems is based on legally defined definitions that have joint intentions to separate spatial objects that will uniquely be recognized for their registration in the cadastral system. These approaches were intended to separate spatial objects with a fundamental legal concept that ownership of such objects is acquired by their registration in national cadastral systems. It is a matter of a conclusion that any object that will be legally registered and acquire the rights, semantically is recognized as real estate. This approach produces additional criteria by which each spatial object with the accrued rights is treated as real estate and / or an opinion that if the object has rights on it and at the same are related to the holder of the rights, it is real estate.

However, in order to further specify the intent of the changeover approaches to the foundation of the national cadastral systems, the research has produced a common semantic basis through which one uniquely defines the real estate. Real estate is any spatial object on which one can uniquely produce and recognize the following characters:

To have spatial static status

To have determined rights and holders of rights

To have a firmly / clearly defined spatial boundary / frame in which the actions of the rights and properties as a figure / body are uniquely defined

The third requirement in all countries of the survey does not have strong relationships in the definitions, although national cadastral systems in all four countries are from the categorization of the fixed boundaries.

Presuming that with this conceptualization, under the strict boundary of a representative form, we mean defined boundaries and proprietary lines with which one can uniquely determine and maintain the geometric form for each representative. Representative forms, which are determined by the standards for belonging as real estate, at the time of multifunctional construction and utilization of spatial segments, the standards for uniqueness of each transaction and the determination of the value of real estate are increasingly demanding / gaining importance for firmly defined border lines. The offered assumptions on which service offers should be built unconditionally initiate the need or importance for clear positions and actions of rights within the representative. From these initiatives / needs we can see that the spatial boundaries and / or real estate as a spatial body leaves competitiveness and uniqueness for the realization of transactions without unambiguous variations and scenarios. By comparing these guidelines with the existing statuses in national cadaster systems in the countries where analysis had been conducted, real estate as a two-dimensional body, there are visible two essential differences of concepts / models with recognizable characters in the technological-spatial status policies and norms in administration. Conceptually, both models approach each other by redefining the spatial structure of representational forms if the new spatial dimension is added to the 2d determined spatial status of objects, the approaches are opened for their spatial definition / dimension. It is about spatial complements of the 2D determined boundaries with a component under the earth's surface, as well as the component above the earth's surface. Integrating these dimensions would fully establish the spatial existentiality of the representative form, which would be dimensioned as a spatial body. It is anticipated that, in some countries, activities have already started, in the periods following the national cadasters efforts will be reforms with orientation towards the standards / forms of the 3D cadastral systems concept. From a functional aspect to this determination, a clear categorization and a fixed space for the influence of the rights is made, an open and unambiguous model in the administration and operability of the real estate will be provided to each other, and from the administration and the contactibility in determining the legal status for each real estate would be open high technological and operational determinations.

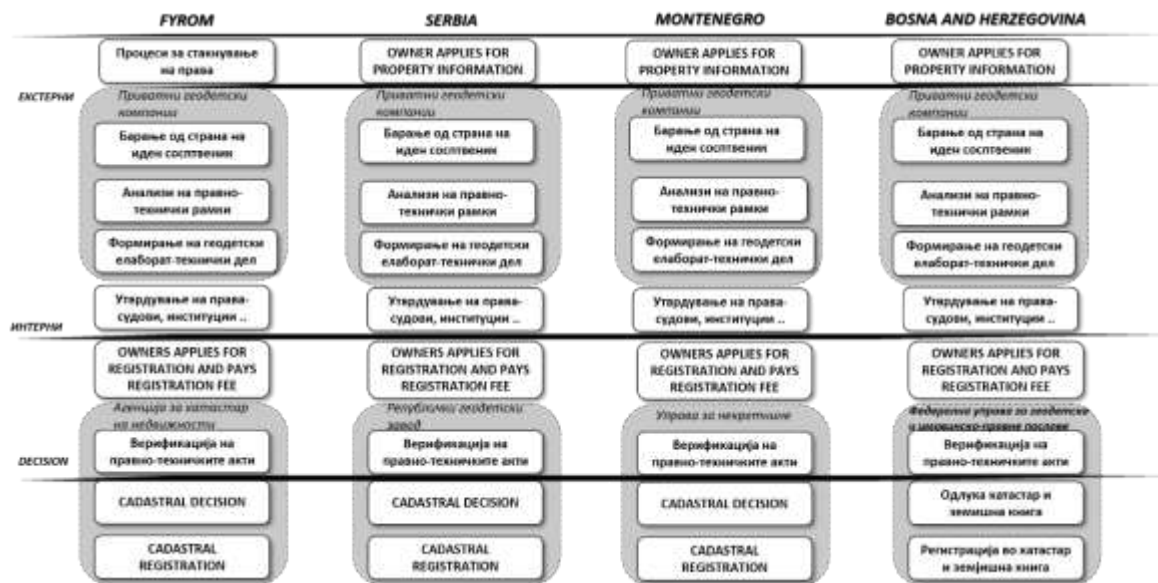
Value of real estate is market value determined on the date of establishment, applying national and international standards. Defining the value in countries does not have the same course in determining-institutionalization-utilization. In FYROM and BIH, the value is based on the existing points of reference- title and use as basic locations in the administration of real estate. By associating the value as a new focus, new service domains have been essentially opened up, with the expectation that in operational concepts, unambiguous and equidistant relations and actions in real estate administration will be established in the future.

5. Presentaton the results from the research

Based on the data gained from the questionnaires, the results of the survey are shown in the following diagrams and tables individually presenting the situation in the survey locations.

5.1. Real estate registration

The registration of rights from the institutional and procedural framework in FYROM, Serbia and Montenegro is identical, and in Bosnia and Herzegovina there is a different concept displayed at picture 2.



Picture 2

It is clear that the registration procedures in FYROM, Serbia and Montenegro are focused towards one system location, while in BiH these processes tend to two system locations. The differences are related to the separate system organization of spatial data, reference data through which they are dimensioned and constructively / topologically crated representations of real estate as plain geometric figures, and attribute data, reference data on rights holders of rights-documentation from the establishment of rights as the basis of registration.

The processes from internal segment are based on enforcement procedures for establishing rights and spatial data through which legal-technical acts for registration of real estate in registration systems cadaster-land register are provided.

The establishment of rights in all countries is regulated by law and is located in the courts, notaries, the government and government institutions. Processes from these locations end with the adoption of a valid / effective legal act that is prepared and represents a fundamental segment of the registration documentation. The spatial data defined by the data models of the registration systems and the reference essentials for acquisition-shaping-national / reference geodetic systems are provided by the private geodetic companies except when it comes to special needs of the interests of the Governments. When registration is in the interest of the state authorities, this part of the activities is carried out by the institutions that have the responsibilities for managing the systems for registration of real estate. The processes from these locations end with the

creation of geodetic assessments for real estate registration in various headline formulations depending on the purpose-technological position of the spatial object that is being prepared for registration.

Legal status of the real estate

Table 1

	FYROM	Serbia	Montenegro	Bosnia and Herzegovina
Integral / differentiated system construction	Integral cadaster system	Integral cadaster system	Integral cadaster system	Cadaster and land register
Acquisition of real estate rights	By registering in the cadaster system	By registering in the cadaster system	By registering in the cadaster system	By registration in a land register
The legal status is the basis for determining the value of real estate	yes	no	no	no
Typified property rights	Private-state Legal / natural persons	Private-state Legal / natural persons	Private-state Legal / natural persons	Private-state Legal / natural persons
The owner of the construction land is	Legal / physical / state	Legal / physical / state	Legal / physical / state	Legal / physical / state

Indicators of the valuation practice at national levels

Table 2

	FYROM	Serbia	Montenegro	Bosnia and Herzegovina
Institutional concept and competencies	exist	exist	exist	exist
The valuation is carried out	Appraisal companies	Free Market Appraisers	Free Market Appraisers	Authorized appraiser
Legal and technical document for appraisal	Authorization / license	Licence	Licence	Authorization / license

Authorization is a document for	For an individual	For an individual	For an individual	For an individual
License is a document for	For an appraisal company	For an individual	For an individual	For an appraisal company and a natural person

Legal and technological preconditions in determining values

Table 3

	FYROM	Serbia	Montenegro	Bosnia and Herzegovina
Legal framework for assessments	Assessment Act	Assessment Act	Assessment Act	Assessment Act
National assessment standards	Exist	Not exist	Does not exist	Does not exist
Obligation to apply assessment standards	National and International	National and International	International	International
National databases / registers for conducted transactions	Exist	Ongoing procedure for establishing	Does not exist	Does not exist
Responsible institution for the database / transaction register	Agency for Real Estate Cadastre	Republic Geodetic Authority	There is no legal framework for this	There is no legal framework for this
Mass estimation as a tool	Exist, it is under creation	None	None	It does not exist, in the formation

Organization of appraisal companies

Table 4

	FYROM	Serbia	Montenegro	Bosnia and Herzegovina
The appraisal companies are legally gathered into	Chamber of evaluators	Chamber of evaluators	Does not exist	Does not exist
The appraisals for mortgages	Appraisal	Banks with their	Individuals hired	Banks with their

are carried out by	companies	own appraisers	by banks	own appraisers
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The power of the estimated value

Table 5

	FYROM	Serbia	Montenegro	Bosnia and Herzegovina
Estimated value per unit approaches are	Property tax, mortgage loans, expropriation, commissioning, leasing			
Whether the constructionally built land is estimated	yes	yes	no	
Is the land under construction / object assessed?	no	yes	no	
Importance of the estimated value	1 Year	No limit	Half a year	
The reevaluations are binding on	To mortgage placements	To mortgage	no	no

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