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Prospective property valuations in the context of sustainable environmental development for future generations and energy- efficient property renovation

Ordre des Géomètres- experts France

Commission 9 Real estate evaluation.

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Presentation : Weighting, optimization of surfaces for economical management of existing buildings.



↗ Presentation: weighting, optimising surface areas to manage existing buildings economically



1st part: use of property value data

The economic real estate data is often very simple, including:

- **the sale prices**
- **the living or useful surface area declared by the parties**
- **the surface area of the supporting land.**

Independently of notaries, the French Ministry of Finance has put this data online going back five years, making it possible to establish most of the needs for real estate valuation experts.

But the aftermath of the COVID 19 Pandemic has shown that it is difficult for appraisers to fully understand its effects on property valuation, with large disparities that must be smoothed out.

2nd part: Adapting and optimising existing buildings,

↗ In order to manage an asset, it must be identified, quantified and evaluated.

↗ The worldwide COVID 19 pandemic has shown that property accessories such as:

- Ground-floor gardens, previously considered unsafe,**
- Large balconies**
- Roof-top terraces, etc.,**

can now take on more significant values than the existing market value data revealed.

3rd part: Adaptation of valuation methods to the use of existing data, which is often simple or inadequate in terms of:

- Living surface area**
- Useful surface area for business purposes**
- External surface area for industrial purposes**

3rd part: Adaptation of valuation methods

↗ Belgian surveyors have the adage: there are only different surfaces with different values:

- The main surfaces area.**
- Useful surface area area for business purposes.**
- External surface area for industrial purposes.**

This reduction is a little too restrictive.

It is necessary to propose weighting coefficient with the aim to get the equivalence of these secondary surface areas and ancillary surface areas in relation to the main surface area to build comparatives.

It is especially important in tight property market zone.

4^{ième}) Study of surface weighting to be able to exploit data.

Weighting study for surfaces for residential buildings, villas and offices.

5^{ième}) Summary:

- Presentation of the proposed weightings**

OFFICES - PREAMBLE

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In the face of changing the ways of working and travelling, more space needs to be qualified or requalified.



Bioclimatic PLUs, environmental criteria and ESG (environmental, social and governance) should also be taken into consideration.

Note: the percentages given are based on 100

Parking lots

Parking lots (based on 100 of a car parking)

-The bikes

-Motorcycles

-The car parks

-Car parks with electric charging points

•Weighting from 10 % à 25%

•Weighting at 30 %


•Weighting at 100%

•Weighting at 120 %

Archives

They must represent less than 10% of the total surface area

- Current weighting at 30%.
- Maybe weighting goes up to 50%
- Caution: if too many archives, reduction
- Pay attention to vacancy
- Trend towards outsourcing and scanning or digitisation

The auditoriums	-Weighting from 100% to 125% in relation to attractiveness
Meeting rooms	-If it exists skydome, English courtyards or light wells <ul style="list-style-type: none">• Weighting from 70% to 90%- if they are blind• Weighting from 50% to 70%- If they are in second basement:• Weighting from 40% to 60%
 Restaurant business-to-business	- Weighting from 70 to 100% depending on professional practice.

Ground Floor	-Concierge service, gym or sports halls, ...: weighting from 90% to 110%	90/110%
Terraces / Rooftop	- Weighting from 10% to 50%	10/50%

OTHER PREMISES

**Hall,
Landing,
Part
Common
area**

- If single-tenant: 100% of value of offices.
- If multi-tenant: in proportion to the surface areas occupied by the tenants.

**Technical
local**

- - COMMON :
 - Whatever the level, if their existence is necessary for the operation of the building, not taking into account
- ● SPECIFIC : If required by the tenant: weighting from 10% to 30%
- ● If very specific for the occupant, we can be up to 100% (rare hypothesis)

BY LEVEL

BASEMENT

Car park	<ul style="list-style-type: none"> • Per unit including disabled parking (3.30m x 5m): 100% to 116%
Cellar	<ul style="list-style-type: none"> • Depending on the level of facilities and equipment • It is not counted in most cases
Souplex	<ul style="list-style-type: none"> • Living surface area or sale surface area named “Carrez” in France • If it constitutes a single co-ownership lot, it is counted under the “Carrez” surface area • It also depends on the layout, on the lighting, etc. • Weighting from 30% to 60%

Ground floor

- **Clear except if winter garden, adjoining veranda (Cf. next slide known as Others)**
- **Private court yard:**
 - **Depending on the amount of sunlight it receives, the space it faces and its size (at least one table and two chairs), the weighting may be between 10% and 50%, depending on its interest**
 - **Pay attention to common areas for private use**

Floor

- **For floor areas under 1.80 meters, please refer to the market**
- **In a tight market, these surface areas may be weighted 20% to 50% of the living surface area.**

Standard terraces

- **Depending on the view, their geographical exposure and the region, they can be weighted from 15% to 40%,**

Exceptional terraces

Depending on the view, the geographical exposure and the region: they may be weighted according to the appraiser's assessment (living area compared to external area).

OTHERS

Balcony	<ul style="list-style-type: none">- Not taken into account- If very exceptional, same weighting as terraces
Glazed area / Veranda	<ul style="list-style-type: none">- Weighting from 60% to 100%
Loggia	<ul style="list-style-type: none">- Weighting from 60% to 80% if covered and insulated
Garden	<ul style="list-style-type: none">- Weighting from 10% to 30% of the floor area- They may be weighted according to the appraiser's assessment (living area in relation to outdoor area).- Pay attention to common areas for private use
Indoor pool, hammam, sauna...	<ul style="list-style-type: none">- Weighting from 60% to 100%

HOUSES IN URBAN AREAS - PREAMBLE

A certain number of services or items of equipment may lead to questions about how they are taken into account when these elements are difficult or impossible to quantify. For example: a genuine space dedicated to bicycles, a large, healthy private cellar, etc.

When these elements can be quantified, we propose to apply a weighting coefficient in relation to the living area.

It should be noted that if the terms of comparison include these mark-up elements, the surface area should not be weighted.

HOUSES IN URBAN AREAS: BY LEVEL



Basement

- In very urban areas, the weighting may be between 40% and 90% depending on the quality of the premises (services, standards of habitability, etc.).
- Pay attention to the height of the room

Ground Floor

- No weighting, except if glazed volume/adjoining veranda (Cf. Others).

Floors

- For areas with a height of less than 1.80 meters, it is advisable to refer to the market.
- In a tight market, these areas may be weighted by 20% to 50% of the usable floor area in question.

Terraces

- Depending on the view, the geographical exposure and the region, these areas may be weighted between 10% and 30%, except for exceptional terraces where the weighting is much higher.

OTHER Gardens Veranda, Indoor swimming pool, Hamman

Garden > gardens in the relevant market

- If the garden clearly exceeds the standard size of reference gardens for the type of house, the excess surface area should be weighted by 15% to 35%.
- Beware of large surfaces

Glazed volume /Veranda

Weighting from 60% to 100% if heated or air-conditioned

Indoor swimming pool, hammam, sauna...

- Weighting from 60% to 100%.
- But aren't these fixtures and fittings become buildings by destination?

6^{ième}) CONCLUSION

The use of a property creates its value.

There are often no references by type of property, except for the different categories of property: residential (flats or villas), offices, workshops, warehouses, shops.

After the COVID 19 pandemic, it appears a change of point of view because changes in use led to changes in sale values (balconies, terraces, gardens that were previously considered unsafe on the ground floor...)

One solution is to weight the surface areas by property category in order to adapt the known sales price references to the different surface area categories.

Artificial intelligence should enable these multi-criteria calculations based on the nature of the property, but it will never replace on-site visits and expert's assessment.

7^{ième}) Sources

- **Request for land values (Demandes de valeurs foncières - DVF) from the French ministry of public finances (Direction générale des finances publiques)**
- **Ordre des géomètres experts Belges.**
- **Committee for the application of the property valuation charter of the main French associations (CACEEI Bourguignon Past president).**
- **Commission 6th revision of the charter of expertise in real estate appraisal.**

The OGE was the drafter for the commission with the assistance of:

- **IFEI (Institut français de l'expertise immobilière),**
- **CEICCAP (Chambre des experts judiciaires près la Cour d'appel de Paris),**
- **CNEJI (Experts de justices immobiliers),**
- **TEGoVA France,**
- **AFREXIM (Association of the 12 largest companies of French valuation experts).**

Thank You.