



UNITED NATIONS
ECONOMIC COMMISSION FOR EUROPE
Real Estate Market Advisory Group (REM)
UNECE - REM

Draft

REAL ESTATE RISK RATING GUIDELINES

Evaluation of real estate property and market risk for real estate backed financial products

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Camera di Commercio Roma
Via Dè Burrò 147
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The inadequate underwriting of residential mortgages, particularly subprime mortgages, contributed significantly to the global financial crisis. Underwriting practices failed to correctly take account of the risk of the lender not repaying the mortgage. The subsequent securitization and structured financing of unviable mortgage loans passed on this risk to purchasers in banking, securities and insurance sectors around the globe. This chain of events has shown that a lack of information on real estate risk erodes prudent mortgage underwriting practices and hampers monitoring by regulators and risk-rating agencies.

The United Nations Economic Commission for Europe (UNECE) Real Estate Market Advisory Group (REM) publication “Evaluation of Real Estate Property and Market Risk for Real Estate Backed Financial Products” provides a framework for creating an accurate and transparent rating system for real estate properties to be used as collateral for financial products. It includes criteria and methodologies for an appropriate risk assessment of real estate properties that will be comparable across borders. The document was prepared by REM at the request of the UNECE Working Party on Land Administration and the UNECE Committee on Housing and Land Management.

In order to allow all stakeholders to comment on and review the contents of the document, these guidelines for the evaluation of risk have been presented at land administration and real estate conferences in the UNECE region, and the document has been made available for public consultation on the UNECE website at <http://www.unece.org/housing-and-land-management/quick-links/rem-documents.html>.

In this roundtable discussion, the authors, the UNECE Secretariat and various stakeholders will discuss the importance of guidelines for the risk evaluation of real estate, the UNECE REM document and the document’s relevance to today’s economic climate. All attendees will be invited to comment on and ask questions about the document. At this meeting, the document will be finalized for submission to the UNECE Secretariat for publication.

Draft Agenda

Opening remarks (10:00-10:15)

Michael Milligan, UNECE Secretariat

UNECE REM real estate rating principles and policies (10:15 – 10:40)

Giampiero Bambagioni, Vice Chair, UNECE REM

Perspectives on real estate rating systems (10:40 – 11:30)

Ben Elder, Royal Institution of Chartered Surveyors (RICS)

Chris Thorne, International Valuation Standards Council (IVSC)

Alfons Metzger, Metzger Real Estate Group

Luke Brucato, CRIF Valutazioni Immobili

Discussion with questions and comments from the floor (11:30 – 12:50)

Concluding remarks (12:50 – 13:10)

- Enrico Campagnoli, Chair, UNECE REM
- Michael Milligan, UNECE Secretariat