ROLE OF CADASTRE IN THE REAL ESTATE MASS VALUATION PROCESS

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630
EMPLOYEES ALL OVER THE COUNTRY

Capital: **Riga**
Area: **64 589 km²**
Population: **1,88 million**
Local municipalities: **43**
State cities: **10**
Coastline: **498 km**

1 CENTRAL OFFICE
5 REGIONAL ADMINISTRATIONS
18 CUSTOMER SERVICE CENTERS
REAL ESTATE REGISTRATION AND TAXATION SYSTEM IN LATVIA

Ministry of Justice of the Republic of Latvia

Ministry of Finance Republic of Latvia

Local municipalities

State Land Service
Republic of Latvia

CADASTRE
Object characteristics registration

LAND REGISTER
Ownership data

TAX POLICY

TAX COLLECTION
REAL ESTATE TAXES IN LATVIA

Usage of cadastral value is increasing because of its objectivity, and full coverage of objects in Latvia
REAL ESTATE TAX RATES

FOR LAND

1.5%
+1.5% for uncultivated agricultural land or land with dilapidated buildings

FOR BUILDINGS

COMMERCIAL BUILDINGS
1.5%

RESIDENTIAL BUILDINGS
0.2 – 0.6%
(depending on the cadastral value)

Additional tax up to 3% if the building is dilapidated
REAL ESTATE TRANSFER TAX RATES

Applied during the registration of proprietary rights:

- **0.5%** for relatives
- **1.5%** for private individuals
- **2%** for legal entities

The Real Estate Transfer Tax is calculated from either cadastral value or transaction amount (largest one).
Cadastral values are **calculated** automatically for all real estate registered in the Cadastre by applying calculation models approved by the government.

Cadastral values are **re-calculated** if the base of values or real estate data (factors included in the valuation formulas) changes.

Every year values for each real estate object are calculated automatically.

**Cadastral value prognosis** for next year is calculated for municipalities who can plan the tax revenue accordingly.
Cadastral data (land and building)

Value zoning
- Rural properties (zonings of agricultural land and forest land)
- Residential properties
- Industrial properties
- Commercial and public property

Valuation models

Mass assessment
- All property on January 1st (real property tax)
- Calculation process ~ 28 hours

Base value

Cadastral value changes
Online Cadastre object data
PRINCIPLES OF CADASTRAL VALUATION

Cadastral valuation

mass valuation process that uses standardised models and valuation methods to value real estate on the basis of real estate market information
REAL ESTATE MASS VALUATION IN LATVIA

IMPLEMENTATION
The State Land Service of Latvia

BASIC PRINCIPLES OF CADASTRAL VALUATION
Set in the National Cadastre Law (here, ENG)

VALUATION PROCESS
In accordance with the Regulations, set by the Cabinet of Ministers and approved by the government
CADASTRAL VALUATION PROCESS

DEVELOPMENT OF A CADAstral VALUE BASE

• Accumulates information on real estate market transactions and other factors affecting the cadastral value
• Applies internationally recognised valuation techniques
• Develops value zonings, establishes baselines (base values, reference areas, correction factors)
• Performs valuation quality assessment
• Develops/alters valuation models

CALCULATION OF CADAstral VALUES

Cadastral values are calculated automatically using the data registered in the Cadastre, without surveying the property in the field
CADASTRAL VALUATION PROCESS

Valuation models
- building land;
- rural land;
- individual residential housing;
- multifunctional buildings;
- other non-residential buildings.

Development of cadastral valuation base
- value zoning;
- value base indicators (base values, standard area, correction coefficients).

Cadastral values calculated automatically
Formulas approved by the government
Data used from the Cadastre
DATA FROM CADASTRE USED IN THE CALCULATION OF CADASTRAL VALUES

- Cadastral value base
- Characteristics of the cadastral object
- Purpose of use of the real estate
- Encumbrances (restrictions) of the real estate
DEVELOPMENT OF VALUE ZONING

VALUE ZONING

Division of the state territory into territories where the value of mutually comparable real estate in the real estate market is relatively similar.

FOR RURAL LAND VALUATION

- Agricultural zoning
- Zoning of forest land

FOR BUILDINGS AND BUILDING LAND VALUATION

- Building zoning

Most important factor influencing the value: Location of the object
PUBLICATION OF THE CADASTRAL VALUE BASE

Real estate price trends

Real estate market transaction information

Ratio analysis (with current and projected cadastral values) - in the country, by municipalities, by property groups

Value zone describing information (provision of technical, environmental and social infrastructure, etc.)

kadastrs.lv
vzd.gov.lv
THE REAL ESTATE MARKET DATABASE PURPOSE: DEVELOPMENT OF THE CADASTRAL VALUE BASE

The data from the Real Estate Market Database is open for the public since 2022 and available on the Latvian Open Data Portal [here](#).
WHAT TYPE OF DATA IS STORED IN THE REAL ESTATE DATABASE?

Data describing the market transactions
- time,
- price,
- place

Data describing the land
- area,
- use,
- land cover

Data describing the buildings
- area,
- type of use,
- depreciation

Data on apartments/groups of premises
- size,
- number of premises,
- floor
THE IMPORTANCE OF CADASTRAL DATA FOR VARIOUS IMPORTANT DECISIONS IS NOT FULLY RECOGNIZED YET.

WE HAVE THE OPPORTUNITY TO CHANGE THIS AND WE ARE WORKING TOWARDS IT!
ANY QUESTIONS?