The cadastral value is the basis for the recurrent real estate tax, the main income of the Spanish municipalities and also used as an administrative value for other taxes, such as Income Tax and Wealth Tax. According to Cadastral Law, it cannot exceed market value and currently stands at around 50% of this.

The Cadastre’s valuation method is widely accepted by the different agencies involved, as well as citizens, but is a complex, expensive and time-consuming process. Furthermore, the criteria and assessment modules of the Collective Assessment Procedure must be accepted by each city council before cadastral holders are notified of the cadastral value.

To improve the efficiency of the cadastral valuation processes, Spanish Cadastre is developing a new methodology to define an annual reference value for each property in every municipality. The work is underpinned by a cadastral observatory of the real estate market, which is now very mature.

To calculate the reference value module, land value maps were produced identifying the average sale value for each property type in a specific area. The property reference value is then calculated from this module, with corrections made according to any differences in its physical characteristics. Finally, values across the country are coordinated annually.

The new reference value will be the limit of the cadastral value and, as it is aligned to the market, can adapt to reflect any changes. This is now possible because the Spanish Cadastre has the necessary data about the properties, such as physical characteristics, construction quality, antiquity and typology, the capacitated staff and the development of tailormade IT tools to manage it.

A key challenge will continue to be ensuring citizens understand the new process. Publicity surrounding the new reference values has will increase transparency and provide greater legal certainty of the real estate market.