

Land Markets and European Union Accession

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Key words:

SUMMARY

Eight countries from Central and Eastern Europe are due to join the European Union in 2004. In 2007 a further two countries from the region are due to join. The conditions for joining the EU were set out in the Copenhagen Council of 1993 and include having a functioning market economy capable of withstanding the competitive pressures that EU membership will bring. An efficient market economy requires a functioning property market, including markets for industrial, residential, and agricultural land.

The applicant countries must adopt the body of EU law known as the *Acquis Communautaire*. This is summarised in 31 chapters. Perhaps the most significant chapter for land markets is Chapter 4 on the Free Mobility of Capital. Citizens and companies in the EU must be free to invest anywhere within it. This implies that there can be no restrictions on the ownership of real estate by companies or by citizens from any country within the EU. This includes there being no restrictions on the ownership of industrial land but also on the ownership of residential property or agricultural land and natural resources. Some of the accession countries have negotiated limited transitional arrangements, mainly limiting the acquisition of secondary residences by non-residents and agricultural and forest land.

The paper examines how well prepared the land markets of Central and Eastern Europe are for EU accession. Until relatively recently, private ownership of real estate was limited for ideological reasons. Since 1990 land markets have developed under the influence, in particular, of privatisation and restitution. However, there are still areas in which markets are not very well developed, such as in agricultural land. Related markets, such as mortgage markets needed to finance the purchase of property or to release capital tied up in it, are relatively undeveloped. There are issues with the infrastructure associated with efficient land markets, such as land registration and clarity in legal systems. There are also issues about how well developed the professions are that are needed to service efficient land markets, such as valuers, and the infrastructure associated with these, such as valuation standards. The transitional arrangements for EU membership in the area of land markets are, however, relatively limited.

BIOGRAPHICAL NOTES

Richard Grover is the Assistant Dean (Finance & Resources) for the School of Built Environment at Oxford Brookes University. He is an economist and chartered surveyor. He has undertaken projects in Russia, Romania, and Bulgaria in areas such as the training of property professional and land registration and cadastre systems. The projects have been undertaken for bodies such as the World Bank, UK Know How Fund and Department for International Development, and United Nations Food and Agriculture Organisation. He has produced reports and publications on subjects such as housing markets, compulsory purchase, land tenure statistics, and valuation standards in various countries in the region.

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